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Metropolitan areas, as a group, have had the greatest increase in population from 1960 to 1965. One of the major factors of growth has been the in-migration of people from rural parts of the country. One problem created by the influx of people into the cities has been the growth of the ghetto. Conditions of the ghetto, such as overcrowding and poor sanitation facilities, are a contributing factor to riots, although not the primary cause. The Negro population, which accounts for most of the ghettos, has also increased in the urban areas from 12% in 1950 to 20% in 1965. A solution to the plight of the city is the idea of "new communities." These communities would have a pre-determined population figure and would make land available for industry or would be accessible to industry. Another solution would be the overhaul of land use regulations and a more effective system to control and guide developers. In conclusion, a national policy to deal with urban growth would be desirable in order to provide the cities with a framework in which to work more effectively in solving their growth problems. (RH)

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A COMMISSION REPORT

URBAN AND RURAL AMERICA: Policies for Future Growth

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D. C. 20575
APRIL 1968
A-32

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Washington, D.C. 20575

April 1968

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Preface

The Advisory Commission on Intergovernmental Relations was established by Public Law 380, passed by the first session of the 86th Congress and approved by the President September 24, 1959. Section 2 of the act sets forth the following declaration of purpose and specific responsibilities for the Commission:

> "SEC. 2. Because the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.
>
> "It is intended that the Commission, in the performance of its duties, will—
>
> "(1) bring together representatives of the Federal, State, and local governments for the consideration of common problems;
>
> "(2) provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;
>
> "(3) give critical attention to the conditions and controls involved in the administration of Federal grant programs;
>
> "(4) make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system;
>
> "(5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;
>
> "(6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and
>
> "(7) recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers."

Pursuant to its statutory responsibilities, the Commission from time to time singles out for study and recommendation particular problems the amelioration of which, in the Commission's view, would enhance cooperation among the different levels of government and thereby improve the effectiveness of the Federal system of government as established by the Constitution. One subject so identified by the Commission concerns recent trends in the geographic location of urbanization and economic development in the United States and the general question of urban-rural balance in the future population and economic patterns of national and regional growth.

In the following report, the Commission examines the dimensions and consequences of recent and projected urbanization trends, with special reference to the problems of those rural and urban areas that have been adversely affected by these developments, and various types of urban development and their financing as devices for coping with future urban growth in an orderly manner.

FARRIS BRYANT,
Chairman.

Acknowledgments

This report represents the combined efforts of the Commission staff. The major responsibility for the staff work was shared by David B. Walker, Assistant Director and Page L. Ingraham, James H. Pickford, L. Richard Gabler, Albert J. Richter, Will S. Myers, Jr., Carl Stenberg, Hope Marindin, and Thomas Hanna. Library research and reference services were provided by Sandra Osbourn and statistical assistance by Frank X. Tippet. Assistance was also provided by Cary Hershey, Peter Brown, and Harvey Arfa, summer interns with the Advisory Commission.

A special background study on "New Communities and Land Use Controls" was prepared under contract by the American Society of Planning Officials for the Advisory Commission on Intergovernmental Relations and the National Commission on Urban Problems. The late Dennis O'Harrow and Richard Counts of the ASPO staff were responsible for the preparation of the study.

The Advisory Commission and the American Institute of Planners conducted a joint survey to obtain information on the extent to which State, regional, and local plans incorporated consideration of new communities as a pattern of future urban growth. Questionnaires were sent to all State and metropolitan area planning agencies. As a followup, individual letters were sent to county planning agencies which were either identified in the ACIR/AIP survey as having done planning for new communities or which were known to include new community development within their jurisdiction. Especially helpful information regarding the procedures followed in connection with new community development was received from Planning Directors of the following counties: Coconino, Maricopa, Mohave, Pima, and Santa Cruz in Arizona; Alameda, Kern, Orange, and Ventura in California; Pueblo, Colorado; Brevard, and Orange in Florida; Baltimore and Harford in Maryland; and Henrico, Fairfax, and Prince William in Virginia.

The Commission and its staff profited from an informal review of an early draft of the Report by a number of individuals including Alan Bird, John Bebout, Jo Bingham, George Deming, William Dirks, Carl Feiss, Harold Forsythe, John Gunther, Peter Harkins, Jerome Kaufman, Mark E. Kean, Frank Keenan, Charles LeCraw, Carl Madden, Allen Manvel, James L. Martin, Fred McLaughlin, Constance Perrin, Jerome P. Pickard, Tom Smith, Milton W. Smithman, Allan R. Talbot, Ralph R. Widner, Oliver Winston, and Warren Zitzmann. The draft was also submitted for review and comments to a number of professional and trade associations, scholars, practitioners, and government officials having an interest in planning and urban development. Special mention should be made of the suggestions elicited from members of the Committee on Urban Design of the American Institute of Architects in response to the Commission's initial project outline and of the valuable comments and suggestions on a preliminary draft of conclusions and recommendations prepared by Lee E. Ham in conjunction with a group of West Coast developers, professional engineers, planners, and architects through the good offices of the Consulting Engineers Council. The participation of those named in reviewing drafts in no way implies endorsement of the Report.

The clerical assistance of Karen Haagensen and Linda Topham was of particular help in readying the report for publication. Additional assistance was provided by Elizabeth Green, Ronald Ross, Mary Hamrick, Jackie Wallace, Sue Reynolds, Inez Rountree, Lavinia Clark, and Deloris Boyd.

The printing of the Report was made possible by the U.S. Department of Agriculture; the Appalachian Regional Commission; and the Economic Development Administration, U.S. Department of Commerce.

The Commission records its appreciation for the contribution of all of the individuals and organizations, named and unnamed. The responsibility for content and accuracy rests, of course, with the Commission and its staff.

WM. G. COLMAN,
Executive Director.

The Commission and Its Working Procedures

This statement of the procedures followed by the Advisory Commission on Intergovernmental Relations is intended to assist the reader's consideration of this report. The Commission, made up of busy public officials and private persons occupying positions of major responsibility, must deal with diverse and specialized subjects. It is important, therefore, in evaluating reports and recommendations of the Commission to know the processes of consultation, criticism, and review to which particular reports are subjected.

The duty of the Advisory Commission, under Public Law 86–380, is to give continuing attention to intergovernmental problems in Federal-State, Federal-local, and State-local, as well as interstate and interlocal relations. The Commission's approach to this broad area of responsibility is to select specific intergovernmental problems for analysis and policy recommendation. In some cases, matters proposed for study are introduced by individual members of the Commission; in other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Frequently, two or more subjects compete for a single "slot" on the Commission's work program. In such instances selection is by majority vote.

Once a subject is placed on the work program, staff is assigned to it. In limited instances the study is contracted for with an expert in the field or a research organization. The staff's job is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the Commission might wish to consider. This is all developed and set forth in a preliminary draft report containing (a) historical and factual background, (b) analysis of the issues, and (c) alternative solutions.

The preliminary draft is reviewed within the staff of the Commission and after revision is placed before an informal group of "critics" for searching review and criticism. In assembling these reviewers, care is taken to provide (a) expert knowledge and (b) a diversity of substantive and philosophical viewpoints. Additionally, representatives of the National League of Cities, Council of State Governments, National Association of Counties, U.S. Conference of Mayors, U.S. Bureau of the Budget and any Federal agencies directly concerned with the subject matter participate, along with the other "critics" in reviewing the draft. It should be emphasized that participation by an individual or organization in the review process does not imply in any way endorsement of the draft report. Criticisms and suggestions are presented; some may be adopted, others rejected by the Commission staff.

The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the Commission at least three weeks in advance of the meeting at which it is to be considered.

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Introduction

In our free society the pattern of urbanization and economic growth is basically the product of countless decisions by individual citizens on where they want to live and work and by private groups and enterprises on where they want to operate. Increasingly conditioning these decisions, however, are governmental policies and programs at the national, State, and local levels reflecting the desire of the American people, expressed through democratic political processes, for governmental action to promote "the general welfare."

Concern is voiced in many quarters as to whether present and probable future trends in urbanization support the national interest, particularly in view of the apparent connection between migration from poor rural areas and growing social tensions in central city ghettos. Some are urging that new directions be considered—both governmental and nongovernmental—to guide these trends, and that this guidance should be toward "balanced urbanization."

Speaking at Dallastown, Pennsylvania, in September 1966, President Johnson said: [1]

> History records a long, hard struggle to establish man's right to go where he pleases and to live where he chooses. It took many bloody revolutions to break the chains that bound him to a particular plot of land, or confined him within the walls of a particular community.
>
> We lose that freedom when our children are obliged to live some place else, that is, if they want a job or if they want a decent education. Not just sentiment demands that we do more to help our farms and rural communities. I think the welfare of this Nation demands it. And strange as it may seem, I think the future of the cities of America demands it, too. . . .
>
> The cities will never solve their problems unless we solve the problems of the towns and the smaller areas. So consider the problem of urban growth. If the present trend continues, by 1985 as many people will be crowded into our cities as occupy the entire Nation today—in 1960. That means people enough to make five more New Yorks, or that means people to make 25 Washingtons. Many will migrate to the cities against their will, if we continue to allow this to happen. . . .
>
> . . . I don't think it has to happen. Modern industry and modern technology and modern transportation can bring jobs to the countryside rather than people to the cities. And modern government could also help.

In January 1967, Secretary of Agriculture Orville L. Freeman pointedly related the problems of rural development to the problems of urbanization: [2]

> The dimensions of the (rural) crisis are well known to all of you who are deeply involved in rural development. They consist of too little of everything—jobs, income, education, and services—in rural America, and a continuing one-way flow of people from country to city, damaging to country and city alike . . .
>
> The result has been a rural America with space to spare, but starved for opportunity—and paradoxically an urban America with opportunity for the many, but starved for space for her residents to move in, to enjoy, to breathe. . . .
>
> An unplanned policy of exporting rural problems to the city has drawn urban America into rural crisis. For the affluent of the city, the unchecked migration means more crowding, higher taxes, more hours consumed in commuting as urban sprawl continues unabated. For migrants already in the teeming ghettos, further immigration means less opportunity and rising despair.

Members of Congress have emphasized the connection between the problems of the cities and those of the troubled rural areas. Thus, Senator Karl E. Mundt, in testifying on the proposed joint resolution he introduced with 19 cosponsors calling for a temporary National Commission on Balanced Economic Development stated: [3]

> The sponsors of the resolution suspect that two established trends of today, and the considerable problems resulting from each of the trends, are not separate but are rather parts of one problem—how to achieve a balanced national economic development.
>
> We suspect that the deepening problems of the cities result in part from too sudden and too great a concentration of population. We suspect some cities have passed the point of diminishing returns in the growth and concentration of population, therefore that the cost of public services, transportation, government, and day-to-day living exceed the levels which might prevail under more efficient conditions of population concentration.
>
> The Federal Government . . . is on the one hand striving to prop up faltering economies in rural and sparsely populated areas. These areas, nevertheless, are by relative measure becoming increasingly depopulated. On the other hand the Federal Government feels itself called to attend more and more closely to the problems of the huge metropolitan complexes, the areas which, in addition to their own natural growth, find their problems aggravated by the continuous influx of immigrants who are frequently unprepared for living in them.
>
> We appear never to have analyzed the prospect for a balanced economic and demographic development of this continent. Rather, the development that has occurred is accepted as the consequence of the workings of some kind of natural law of economics.

Similar support for this thesis has come from other sources. Thus, the Republican Coordinating Committee's Task Force on Job Opportunities stated: [4]

> Our rural areas are being depleted of people. From 1950 to 1960 the rural population—farm plus nonfarm—declined by 400,000; the urban population increased by 28 million.

> These trends have continued. The Department of Agriculture anticipates further outmigration to the year 1970. . . .
>
> What becomes of these people? They move into our great cities. . . .
>
> And will these be alabaster cities, gleaming, "undimmed by human tears"? Not likely. The migrants concentrate unassimilated, in Detroit, in Cleveland, in the South Side of Chicago, in Watts, in Harlem, in Indianapolis, and in a hundred other cities. Smog, congestion, water pollution, law enforcement and other problems of the megalopolis beset them and their uneasy neighbors. By generating a kind of "urban crush," they create a problem in the cities to which they go. By depopulating the countryside, they create a problem in the rural areas from which they come.

The *Washington Post* has stated editorially: [5]

> Before the Nation proceeds blindly to rebuild its urban ghettos in environments essentially unsuited for human habitation, it ought to carefully explore the feasibility of providing jobs and living conditions that will draw some urban population into the country—or at least arrest the tide of immigration into cities.

As a further example, Joseph P. Lyford, a noted urban scholar has pointed up the basic linkage between the problems of congestion and deterioration in urban areas and the migration-causing decline of rural areas: [6]

> One of the weaknesses in current discussion of the problems of the city is the assumption that the crisis of the city is somehow unrelated to the crisis of our rural areas. It should be obvious that we cannot begin to deal effectively with the problems of the inner city in education, housing, employment, health and welfare unless we also deal with the rotting and dying areas which are the sources of the apparently inevitable migration to the city. I do not see why this massive, unbalancing migration should be inevitable. I do not see why it is not possible for Federal and State governments, and the private sector, to do things which will encourage a change in the trend of our population movements.

The clear thrust of all these statements is that the wave of migration from rural areas to the city is harming both the rural areas, by the depletion of the young and able population, and the urban areas, by causing overcrowding with all its attendents effects inimical to an efficient, healthy society, and at worst, adding fuel to the tinderbox conditions of the core cities. The policy implication here seems to be that the various levels of government and the private sector should consider the desirability of trying to divert this continuing growth of the big metropolitan complexes and to attract more economic activity to the rural areas and to the small cities and towns.

Clearly, the recent and projected geographic distribution of urban and economic growth has triggered a widespread debate over urbanization's future course, over the location of the 115 million Americans who will be added to our population by the year 2000. One way or another, the dialogue has focused on questions of "balance" and "imbalance" and from three basic vantage points.

Sometimes, it deals solely with the issue of population—of rural vs. urban growth rates; of migration and nonmigration trends and motives; of the geographic distribution of the urban sector; and of big vs. medium and small urban concentration patterns. At other times, the debate concentrates on economic issues—involving the extent, distribution, and factors of economic growth; the disadvantaged groups and areas in both rural and urban America; and the costs and benefits of concentration and sparsity. Finally, the present and future pattern of urban and economic growth also raises questions about so-called "urban sprawl," the potentials for a better kind of large-scale urban development and the future of new communities in the United States.

This report closely examines these and other dimensions of the continuing process of urbanization; highlights the intergovernmental policy implications in its findings; and advances recommendations in the belief that the future of American federalism is inextricably linked with that of urbanization.

Footnotes

[1] The President's Remarks at Ceremonies Marking the 100th Anniversary of Dallastown, September 3, 1966, *Weekly Compilation of Presidential Documents*, September 12, 1966, p. 1217.

[2] Address to Southwest Agricultural Forum, Tulsa, Oklahoma, January 20, 1967, reprinted in *Congressional Record,* January 31, 1967, p. H.843.

[3] U.S., Congress, Senate, Committee on Government Operations, Hearings, *Commission on Balanced Economic Development and A Northwest Regional Services Corporation,* 90th Congress, 1st Session, June 12; July 20 and 21, 1967, p. 37. For other statements by Members of Congress regarding the urban-rural linkage, see *Congressional Record,* 1967, pp. S. 5302, S. 9551, S. 12346, S. 12456, S. 12676, H. 2001, H. 8424, and H. 13648.

[4] Republican Coordinating Committee, The Task Force on Job Opportunities and Welfare, *Revitalizing Our Rural Areas* (Washington, 1967) (unpaged).

[5] The *Washington Post,* September 26, 1967.

[6] Testimony of Joseph P. Lyford, University of California, Berkeley, in U.S. Congress, Senate, Committee on Government Operations, Subcommittee on Executive Reorganization, *Federal Role in Urban Affairs,* Part 6, 89th Congress, 2nd Session, p. 1357.

Chapter I

The Pattern of Urbanization

INTRODUCTION

To describe the United States as an urban nation is to state the obvious. To tick off aggregate statistics indicating urban growth is to quote the first or second paragraph of nearly any speech or article dealing with a major domestic problem. To describe the first item on the nation's agenda of unfinished domestic business as "the urban crisis" is merely to state a truism. To explain the stresses and strains of contemporary intergovernmental relations in terms of competitive and collaborative approaches toward meeting the urban challenge, while less usual, is becoming more commonplace.

Yet, there is a widespread contemporary debate over the impact, direction and future course of urbanization in America and much of it indicates significant disagreements, and no little confusion, concerning the multi-dimensional features of this primary conditioner of American social and economic life.

In this first chapter of the Report, the contours of the urbanization process are sketched—first, by chronicling the historical development and evolving regional patterns of this process. The multi-faceted mosaic of the urban landscape is then probed by focusing on the core city-suburban dichotomy in metropolitan areas, the broader configuration of urban places in metropolitan and nonmetropolitan areas, the contrasting growth rates and basic economic features of urban places by area and region, the special problems of race and sprawl, and the metropolitan mirror of the future. The dynamics of mobility and migration are treated next with a view to tracing the patterns of movement, determining the relationship between migration and urban concentration, assessing the factors prompting or retarding movements, and examining the links between poverty and mobility. The relationship between urban growth and rural difficulties is then examined. Special problem areas facing rural America are briefly documented and major contrasts between rural and urban conditions are also highlighted. Finally, a short recapitulation of the major findings relating to intrametropolitan differences (developed in the Commission's earlier report, *Fiscal Balance in the American Federal System*) will be presented in order to place the earlier rural-urban analysis in proper perspective and to fit a vital piece into the mosaic of urban America.

In short, we are concerned here with the paradoxes of:

- the emergence of an urban nation in a country that has a rural bias against cities;
- greater urban growth, but declining older big cities;
- the most dynamic expansion emerging in a broad geographic crescent that involves regions and states which until recently had a strong antiurban tradition;
- large and small enclaves of poverty in both rural and urban areas, which are byproducts of urbanization and the economic advances it symbolizes; and
- big urbanization with many nonpublicized elements of balance, but with economic and demographic results that threaten the qualitative balance, the balance between big and small, which also is a part of the American federal system.

REGIONAL GROWTH

A BRIEF HISTORICAL SUMMARY

In this chapter, we are concerned with one basic aspect of urbanization—the spatial distribution of people and their concomitant economic and social activities. Attention is centered on urban areas, where increasing proportions of Americans live, and where new patterns are emerging and becoming firmly established. Yet, given the diverse pattern of recent urbanization and the resulting difficulty of drawing a clean line between "rural" and "urban" areas, the former and its population will be fully considered. Our basic purpose at the outset is to sketch the historical evolution of the present geographical pattern of urbanization.

In 1790, when the newly formed national government first instituted a system of comprehensive censuses, 95 percent of the 3.9 million people were rural and some 85 percent were agricultural. The first century of the nation's existence under the constitution (1790-1890) witnessed a population increase of about 35 percent or more each decade. It was a period of heavy population increase and marked economic expansion. A record wave of immigration occurred prior to the Civil War, which exceeded that of the latter half of the previous century. The population reached 25 million in 1850, double this figure by 1880, and reached 75 million in 1900. It was not until the latter half of the 19th Century, that rates of natural increase began to decline. On the other hand, the economic problem of labor scarcity, along with other factors, provided the impetus for a third great wave of immigration from Europe.

The movement of population within the country during this period was more than simply a trek west. There was also a further intensification of urban development in the older sections of the east. Between 1890 and 1900, the beginnings of a major migration from agricultural to the "more abundant life" in urban areas got underway. This movement began even as the nation developed the most productive agricultural economy the world had yet seen. By 1900, 40 percent of the population were living in urban places of 2,500 or more, and more than 60 percent of the economically active population were working outside of agriculture.

The Southeast, Great Lakes, and Middle Atlantic regions experienced the greatest absolute increases in population during the long span extending from 1870 to 1960. The rates of increase, however, were highest in the Mountain, Southwest, and Far West divisions. The aggregate for the four Eastern regions (i.e., New England, Middle Atlantic, Great Lakes, and the Southeast including Arkansas and Louisiana) exceeded the national percentage increases in only a few decades, and then only at slightly above average rates.

A high rate of population growth occurred before 1910 in the Plains region, but subsequently its rates fell below the national average. In the early 20th Century, there were fewer in-migrants than out-migrants in Iowa and Missouri and by 1920 Minnesota, Nebraska, and Kansas followed a similar pattern. The proportion of national population residing in the Plains States has declined by 4 percent since 1910. The Far West, Southwest, and southern Mountain States have absorbed most of the "westward" movement of population in recent years.

On the whole, the least densely populated parts of the country experienced the most rapid relative growth between 1870 and 1960. Absolute population increases, however, were heaviest in the Middle Atlantic, Great Lakes, and Southeast regions. The larger share of the population then continued to cluster in areas east of the Mississippi, but to a lesser degree than was the case nine decades ago. The four eastern regions of the country contained 85.5 percent of the nation's population in 1870, 74 percent in 1910, 71 percent in 1950, a little over 69 percent in 1960, and 68.5 percent in 1966. The Far West, Southwest, and Mountain regions experienced the greatest relative expansion in terms of their share of the national population.

Overall, nearly the same pattern emerges if regional growth is measured in terms of employed labor force rather than population. The shares of the national labor force compare quite closely with the population percentages for all regions, with the Southeast providing the greatest deviation due to the influence of high birth rates.

THE REGIONAL PATTERN OF URBAN GROWTH

Every census since 1870 reveals a positive increase in the total proportion of population living in urban areas. This dynamism paralleled the country's industrialization, and had a profound effect on the urban-rural pattern of population settlement and on regional population patterns.

Tables 1 and 2 summarize the increase in urban population between 1870–1960 within eight regions. By 1960, as Appendix Table I–B shows, only one region—the Southeast—had a larger rural than urban population. If the former census definition of "urban" (see Appendix I–A) is used, however, all of the regions contained more urban than rural residents by 1960. The most urbanized region is New England where three out of every four persons live in urban areas.

Table 1 provides the ten-year rates of increase of urban population by region. The rates of urbanization generally are significantly greater in the States comprising the Southwest, Mountain States and Far West than those for the States east of the Mississippi River. There are exceptions, of course, in the Southeast, and specifically, Florida. A comparison of the rates of urbanization and the proportion of urban residents to total U.S. population is provided in Table 2. Even though the west claims the most rapid percentage increase in total population, the great bulk of the nation's urban population still resides in the four eastern regional divisions.

THE URBAN MOSAIC

Population statistics provide a back-drop for the striking fact of 20th Century life—the population explosion in metropolitan America. In every decade ex-

Table 1—Decennial Rates of Increase of Urban Population, by Region, 1870–1960

Region	1870–80	1880–90	1890–1900	1900–10	1910–20	1920–30	1930–40	1940–50	1950–60
United States[1]	41.0	56.5	36.4	39.3	29.0	27.3	7.9	20.6	25.4
New England	35.7	13.8	32.5	25.3	17.0	12.3	1.7	7.8	13.2
Middle Atlantic	34.7	39.6	35.0	34.6	22.7	20.7	4.8	8.0	8.4
Great Lakes	56.2	66.0	41.2	33.2	35.7	28.7	3.9	14.5	20.9
Southeast	16.2	63.8	37.1	48.3	36.0	39.3	18.6	33.5	38.2
Plains	53.1	106.2	27.7	31.3	22.2	17.6	7.9	17.1	22.8
Southwest	133.5	135.2	165.9	118.3	63.6	55.0	19.4	52.3	56.6
Mountain	351.5	197.9	51.6	68.6	23.8	14.7	18.1	31.0	34.8
Far West	89.1	94.1	37.4	112.1	45.1	60.3	14.9	43.6	51.3

[1] Excluding Alaska and Hawaii.

Source: Harvey S. Perloff, Edgar S. Dunn, Jr., Eric E. Lampard, and Richard F. Muth' "Regions, Resources and Economic Growth" (Baltimore, Maryland: The Johns Hopkins Press, 1960) p. 20. Table adapted and updated by ACIR. To achieve comparability, the former definition of "urban" has been used throughout.

Table 2—Rank Order of Regions by Rate of Increase in Urban Population and Regional Proportions of U.S. Urban Population, 1870–1960

1870–80 % rate		1870 proportion		1900–10 % rate		1910 proportion		1940–50 % rate		1950 proportion		1950–60 % rate (using former defin.)		1950–60 (current defin.)	1960 proportion (using former defin.)		1960 (current defin.)
(1) Mt.[1]	351.5	MA	43.4	SW	118.3	MA	35.3	SW	52.3	MA	28.0	SW	55.6	(52.2)	MA	24.3	(25.0)
(2) SW	133.5	GL	19.7	FW	112.1	GL	22.9	FW	43.6	GL	22.5	FW	51.3	(53.5)	GL	21.7	(21.2)
(3) FW	89.1	NE	15.5	Mt.	68.6	NE	11.4	SE	33.5	SE	14.4	SE	38.2	(40.6)	SE	15.9	(16.2)
(4) GL	56.2	SE	11.0	SE	48.3	SE	10.2	Mt.	31.0	FW	10.3	Mt.	34.8	(44.8)	FW	12.5	(13.5)
(5) Pl.	53.1	Pl.	7.3	MA	34.6	Pl.	9.2	Pl.	17.1	Pl.	7.9	Pl.	22.8	(23.8)	SW	8.8	(8.2)
(6) NE	35.7	FW	2.2	GL	33.2	FW	5.7	GL	14.5	NE	7.8	GL	20.9	(24.8)	Pl.	7.7	(7.3)
(7) MA	34.7	SW	.7	Pl.	31.3	SW	3.3	MA	8.0	SW	7.1	NE	13.2	(13.1)	ME	7.0	(6.4)
(8) SE	16.2	Mt.	.2	NE	25.3	Mt.	2.0	NE	7.8	Mt.	2.0	MA	8.4	(15.7)	Mt.	2.2	(2.2)

[1] Regional designations: NE (New England); MA (Middle Atlantic); GL (Great Lakes); SE (Southeast); Pl. (Plains); SW (Southwest); Mt. (Mountain); FW (Far West). See Appendix I–B for the States included in these regions.

Source: Harvey S. Perloff, Edgar S. Dunn, Jr., Eric E. Lampard, and Richard F. Muth, "Regions, Resources and Economic Growth" (Baltimore, Md.: The Johns Hopkins Press, 1960), p. 21. Table updated by ACIR.

cept the 1930's, there has been an enormous growth in metropolitan areas (using the new Census definition of Standard Metropolitan Statistical Area—SMSA*). Metropolitan population growth has exceeded nonmetropolitan growth in every decade since 1900. Projections for 1975 indicate that this growth will continue at about 25 percent per decade.

CENTRAL CITY-NONCENTRAL CITY DICHOTOMY

Between 1900 and 1920 central cities grew more rapidly than their surrounding areas (see Figure 1 and Appendix I–C). This growth reflected the large immigration from both rural areas and foreign countries. By 1930, adjacent urban areas outside the central city began to play a more significant role in terms of urban growth, mainly because of changing modes of transportation and because these areas had not been incorporated into the legal limits of the central city. The growth of these areas soared after World War II. Central city growth fell to about two-thirds of the amount of the outside central city growth between 1930 and 1950, to about one-third between 1950 and 1960, and it is projected to fall to about one-sixth the amount from 1965 to 1975.

To some extent these figures on population growth understate the relative decline of the central city in that they ignore annexation. Since 1950, overall central city population growth has largely been a product of annexation.[1] If the 1950 boundaries are used as the basis for jurisdictional enumeration, central cities in all size categories experienced relatively minor increases or even declines over the decade 1950–1960. As Table 3 shows, the nearly 11 percent increase in central city population for this period is only 1.5 percent, if annexations are excluded. The outside central city growth increases from 48.5 percent to 61.7 percent with this exclusion. Annexation also explains some municipal population growth in earlier decades. Cities that have increased their population without annexation frequently have had considerable undeveloped land within their borders. In recent years, such municipalities have been located primarily in the South and West and had effected earlier annexations.

Although metropolitan areas in the various size categories have grown at about the same rate (with the exception of those in the 500,000–1 million class), there have been and are dramatic differences in the intrametropolitan distribution of this growth. Central city growth has taken place primarily in the smaller metropolitan areas, while the outside central city jurisdictions of the large metropolitan areas generally have grown more than the outlying regions in smaller metropolitan areas and at a faster rate. The growth picture then clearly is one of major contrasts between

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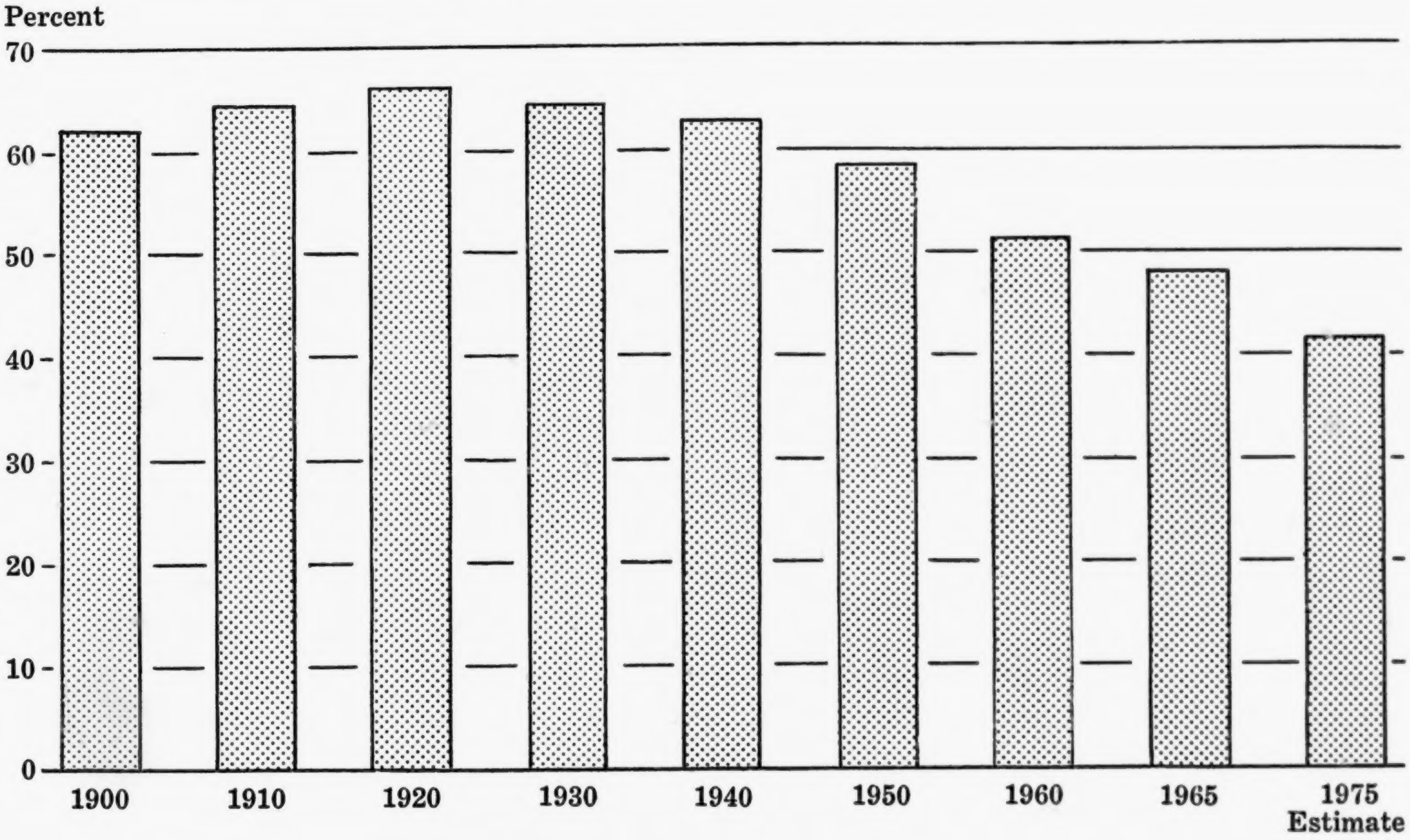
*For a definition and discussion of SMSA's see Appendix I–A.

Figure 1

PERCENT OF SMSA POPULATION WITHIN CENTRAL CITIES, 1900-1975



Source: Appendix Table I-C

Table 3—Population Growth in Metropolitan Areas With and Without Central City Annexations, by Size of Area, 1950–1960

Size of area	Total change (percent)	Change without annexations (percent)
All SMSA's:		
Central cities	+10.8	+1.5
Outside central cities	+48.5	+61.7
Total	+26.4	+26.4
SMSA's, population of:		
3,000,000 or more:		
Central cities	+1.0	+.6
Outside central cities	+71.3	+72.2
Total	+23.2	+23.2
1,000,000 to 3,000,000:		
Central cities	+5.6	−2.2
Outside central cities	+44.8	+52.7
Total	+25.0	+25.0
500,000 to 1,000,000:		
Central cities	+21.4	+4.8
Outside central cities	+57.4	+81.1
Total	+36.0	+36.0
250,000 to 500,000:		
Central cities	+16.2	+2.2
Outside central cities	+36.2	+51.9
Total	+25.6	+25.6
100,000 to 250,000:		
Central cities	+24.4	+4.6
Outside central cities	+27.6	+54.5
Total	+25.8	+25.8
Under 100,000:		
Central cities	+29.2	+8.6
Outside central cities	+10.9	+69.9
Total	+24.4	+24.4

Source: U.S. Bureau of the Census. "U.S. Census Population: 1960. Vol. 1, Characteristics of the Population." Part A. Number of Inhabitants.

the central city and the regions outside the central city of the large metropolitan areas (500,000 plus).

In analyzing metropolitan area growth, the rural component of the area outside the central city should not be overlooked, since it conditions all central city-outside central city comparisons. This component, however, involves a population that is urban oriented in character. For all SMSA's in the United States in 1960, nearly one-fourth of the population outside the central city was rural. There were enormous variations, however, between various large metropolitan areas. Among the 37 largest SMSA's in 1960, for example, the rural portion of the population outside central city ranged from 1.2 percent in the Patterson-Clifton-Passaic SMSA to 45.5 percent in San Antonio, although this involved a small number of people in the latter case. The next largest percentage of rural population outside the central city area was in the San Bernardino-Riverside-Ontario SMSA with 38.9 percent; this portion was absolutely and relatively large.[2]

THE RACIAL DIMENSION

If the racial components of urban population growth are analyzed, a stark pattern of cleavage emerges.

While the proportion of Negroes to the total population has remained roughly the same since the turn of the century (between 10 and 12 percent),* a major distributional transformation has taken place. Between 1940 and 1966 a net total of 3.7 million nonwhites left the South for other regions of the United States. Despite this great exodus, 55 percent of Negroes still live in this region.[3]

The central cities of metropolitan areas have absorbed most of the increase among Negroes since 1950—5.6 million of a total increase of 6.5 million Negroes. Most of the increase among whites has occurred in the urban fringe or metropolitan suburbs—27.7 million in a total increase of 35.6 million whites. Fifty-six percent of all Negroes now live in the central cities of metropolitan areas, while only about one-fourth of the white population of the United States now live in these cities.

As shown in Table 4, the percent of Negroes to the total population of central cities rose from 12 percent in 1950 to 20 percent in 1966. For central cities in SMSA's of one million population or more the 1966 share amounted to 26 percent, whereas central cities in SMSA's under 250,000 contained the same percent of Negro population (12 percent) as in 1950. In short, the larger the metropolitan area, the faster the rate of Negro population growth and the greater the Negro share of the total citizenry. In the urban fringe (or suburban areas) and in the smaller cities, towns, and rural areas, the percent of Negro population to total population decreased between 1950 and 1966.

The location of nonwhite families below the poverty † level in 1965 is highlighted in Table 5. Those metropolitan areas with a population of 250,000 or more contained two-thirds of all the nonwhite families, but only 42 percent of the nonwhite poor families. The bulk of the latter, however, reside in central cities. Moreover, of the total of poor non-white families, more than half are located in the nation's metropolitan areas. And again, the great majority of these are in core cities.

Table 4—Negroes as a Percent of Total Population by Location, Inside and Outside Metropolitan Areas, and by Size of Metropolitan Areas, 1950, 1960, and 1966

	Percent Negro		
	1950	1960	1966
United States	10	11	11
Metropolitan areas	9	11	12
Central cities	12	17	20
Central cities in metropolitan areas [1] of:			
1,000,000 or more	13	19	[2] 26
250,000 to 1,000,000	12	15	[2] 20
Under 250,000	12	12	[2] 12
Urban fringe	5	5	4
Smaller cities, towns, and rural	11	10	10

[1] Using 1960 metropolitan area boundaries.

[2] Percent nonwhite; data for Negroes are not available. The figures used are estimated to be closely comparable to those for Negroes alone, using a check for Negro and nonwhite percentages in earlier years.

Source: Department of Commerce, Bureau of the Census, Bureau of Labor Statistics, Report No. 332, "Current Population Report," Series P–23, No. 24, "Social and Economic Conditions of Negroes in the United States" (Government Printing Office, Washington, D.C., October 1967) p. 10.

Table 5—Location of All Nonwhite Families and of Nonwhite Families Below the Poverty Level, 1965

	Percent distribution of nonwhite families		Nonwhite families below the poverty level [1] in each location	
	Total	Below the poverty level [1]	Number (in millions)	Percent
United States	100	100	1.9	39
Farm	5	9	.2	68
Nonfarm	95	91	1.6	35
Small towns and rural areas	21	32	.6	56
Metropolitan areas	74	59	1.0	30
1,000 000 or more	45	31	.5	25
250,000 to 1,000,000	21	19	.3	34
Under 250,000 population	8	9	.2	41

[1] The "poverty level" using 1965 incomes, is defined by the Social Security Administration, as $5,090 for a nonfarm family of seven or more persons and $4,325 per year for a farm family of seven or more persons.

Source: Department of Commerce, Bureau of the Census, Bureau of Labor Statistics, Report No. 332, "Current Population Report," Series P–23, No. 24, "Social and Economic Conditions of Negroes in the United States," (Government Printing Office, Washington, D.C., October 1967) p. 24.

A MORE DETAILED DISTRIBUTIONAL BREAKDOWN

The foregoing description of urban-rural, metropolitan, and intrametropolitan trends has dealt with broad national, regional, and population class size aggregates. These sometimes tend to conceal much of the diversity in urban, as well as rural, patterns. Richard L. Forstall of the Cartographic Division of Rand McNally and Company has developed a somewhat different approach to chronicling the nation's evolving pattern of urbanization—an approach that sheds a different light on metropolitan areas with their varying components and on nonmetropolitan urban and other units.

A distinctive set of definitions is a major feature of the Rand McNally analysis.[4] These are derived by dividing the nation's total population into five "territorial aggregates":

- metropolitan central cities,
- incorporated suburbs of 10,000 or more,
- "metropolitan remainders," or suburban areas outside incorporated places of 10,000 or more,
- nonmetropolitan urban places of 10,000 or more, and

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*This proportion is expected to rise to 14 percent by 1980, however, due to higher birth rates.

† Poverty as defined by the Social Security Administration, takes into account family size, number of children, and farm and nonfarm residence, as well as the amount of family money income. As applied to 1966 incomes, the "poverty level" was $3,300 for a nonfarm family of four with two children.

- the "nonmetropolitan remainders," composed of nonmetropolitan towns and villages below 10,000 along with rural areas.

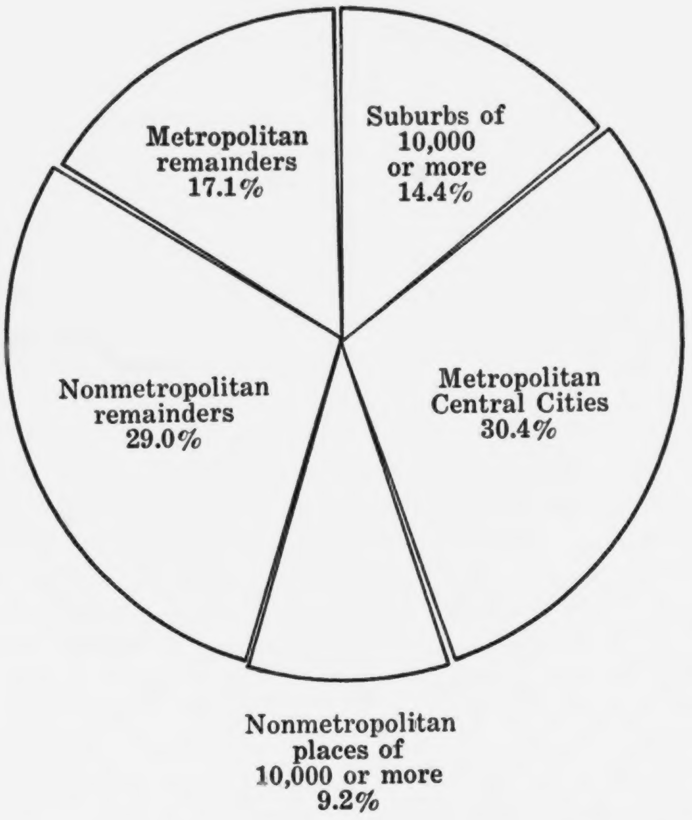
The first three aggregates combine to form metropolitan areas of one hundred thousand or more (RMA's). They are constituted using townships, suburbs, and central cities and are bounded by locally recognized community limits and interlocal relationships, not by entire counties. They exclude many rural areas and localities which are included in SMSA's merely because they are in a county with a central city or heavily settled suburban area. The RMA's also exclude some small SMSA's, since only the population of the central city and its outside suburbs are used as a basis of enumeration. A few RMA's appear in the listing for which there is no SMSA counterpart due to the fact that the latter requires a central city of 50,000 or more. Finally, the use of the RMA's produces urban places of 10,000 or more outside the RMA's which are classed as "nonmetropolitan places" and may, or may not, be located in SMSA's. The exclusion factor for Rand McNally is whether distance, the pattern of urban relationships, or both indicate an absence of close ties between these "urban places" and RMA's.

The 1960–1965 population changes for these five territorial aggregates, along with those for the RMA's and adjustments required by annexations (see Figure 2 and Appendix I-D) corroborate some generalizations previously stated and provide the basis for some new findings:

- Metropolitan central cities increased by 5.1 percent or only 3.5 percent when annexations are excluded, and comprised a little less than half of the total RMA population.
- Suburbs showed the greatest growth (16.5 percent), but only 13.9 percent when annexations are considered.
- Metropolitan remainders actually experienced the greatest hike—if the annexation efforts of neighboring incorporated suburbs and central cities are omitted.
- Nonmetropolitan urban places did not experience as significant a rise as the two noncentral city metropolitan categories; or *put another way and contrary to some impressions, small and medium-sized cities outside of metropolitan areas have not been growing as rapidly as their RMA counterparts.* Moreover, annexations were responsible for a greater share of their total increase than was the case for central cities.
- The nonmetropolitan remainder (rural areas and villages and towns below 10,000 outside of RMA's), while comprising more than 38 percent of the total population had the lowest growth rate over 1960–1965.

Figure 2

PERCENT OF TOTAL U.S. POPULATION FOR TERRITORIAL AGGREGATES, 1965



Source: Richard L. Forstall, "Population Change in American Cities, 1960–1965," "The Municipal Year Book, 1966" (Chicago, Ill.: International City Managers' Association, 1966), Table 2, p. 32.

- About two million, or almost a quarter, of the total increase for cities of 10,000 or more was due to annexations.

A regional breakdown of these territorial aggregates further underscores the diversity of urbanization patterns and underlines certain popular misconceptions concerning these developments. As the above suggests, in only four regions (as defined by Rand McNally) did central cities still possess a majority of the metropolitan population by 1965; these generally were regions whose RMA population formed a smaller proportion of the total. Rates of increase for central cities, as adjusted for annexations, indicate below national averages for those in the Northeast, North Central, and upper South Atlantic divisions and a high of 10.7 percent for the Mountain States. Central city annexations appear to be most restricted in areas where population growth was most limited.

Suburban increase was relatively low in the South, where there are few large suburbs, and in the Middle Atlantic division, where many such jurisdictions are old and established. On the other hand, suburban growth accounted for 57 percent of the noncentral city metropolitan growth in New England and more than 40 percent in the Midwest and Pacific States. Metropolitan area remainders experienced higher than national average growth in East South Central and South Atlantic regional divisions.

Nonmetropolitan urban places had their greatest growth in the lower South Atlantic, East South Central, the Pacific and Mountain regions. Particularly low rates for this category occurred between 1960 and 1965 in the Northeast and East North Central divisions.

These regional division modifications of the national trends for the five Rand McNally territorial aggregates clearly highlight the fact that while each region has elements of the nation's metropolitan and nonmetropolitan mosaics, each in turn has its own configuration whose composite elements possess differing strengths. Moreover, these findings indirectly underscore the significance of the varying governmental structures in the different regions, especially the contrasting approaches to the power of annexation.

REGIONAL DISTRIBUTION OF URBAN PLACES

A breakdown by regions further emphasizes the heterogeneity of the national pattern but also the relatively greater growth rate of medium and large size urban categories.

In Table 7, independent urban concentrations have been grouped by population class and by regional divisions. These areas comprise the Rand McNally metropolitan areas of 100,000 already discussed, plus roughly similar areas for urban centers from 20,000 to 100,000. The data for these smaller areas are only approximations and are not wholly comparable to the larger metropolitan areas. They are adequate, however, for the present purpose.

For the United States as a whole, the percentage increase for 1960–1965 is nearly 10 percent for all urban areas (20,000 to 1,000,000 or more). There is considerable diversity, however, in the rates of population growth among the various sized urban areas, the greatest growth being in the 500,000 to 1,000,000 classification (12 percent). By way of contrast, the

Table 6—1960–65 Percentage of Population Change by Aggregates and Divisions

[Data in parentheses reflect adjustment for annexations]

Division, region	Total	Places over 10,000			Metropolitan remainders	Non-metropolitan remainders	Metropolitan areas	Non-metropolitan areas
		Central cities	Suburbs	Non-metropolitan places				
Divisions [1]								
New England	5.2	−4.0 (−4.0)	6.8 (6.8)	4.6 (2.1)	18.0 (18.0)	6.7 (7.9)	5.0	6.0
Middle Atlantic	5.2	1.5 (1.3)	5.1 (4.9	−.3 (−.8)	14.6 (14.7)	3.3 (3.4)	5.9	2.5
East North Central	5.7	1.9 (.2)	14.0 (12.4)	5.4 (4.0)	11.1 (16.4)	1.9 (2.3)	7.2	2.7
West North Central	3.6	3.3 (.9)	26.7 (23.3)	7.2 (5.9)	6.5 (17.2)	−1.6 (−1.2)	8.7	.4
South Atlantic, upper	6.6	1.2 (1.1)	27.1 (25.6)	1.0 (−.2)	20.3 (20.4)	.3 (.5)	10.4	.4
South Atlantic, lower	11.2	9.8 (6.9)	40.9 (21.3)	13.0 (8.4)	18.4 (27.4)	5.7 (6.8)	16.7	7.1
East South Central	3.3	14.6 (6.2)	9.6 (5.2)	10.2 (7.1)	2.1 (17.5)	−2.1 (−1.5)	9.9	−0
West South Central	9.4	11.5 (10.0)	31.0 (28.9)	9.1 (5.6)	18.5 (26.8)	5.0 (4.4)	14.7	4.8
Mountain	15.2	12.7 (10.7)	53.3 (37.9)	16.3 (9.5)	40.3 (51.8)	3.5 (6.4)	24.7	7.3
Pacific	14.4	10.5 (8.2)	26.9 (22.9)	22.4 (15.5)	11.3 (20.3)	6.3 (8.5)	15.8	10.3
Regions								
Northeast	5.2	.3 (.3)	5.7 (5.6)	1.5 (.3)	15.2 (15.3)	4.1 (4.5)	5.7	3.4
North Central	5.1	2.2 (.3)	16.0 (14.2)	6.1 (4.8)	10.3 (16.5)	.3 (.7)	7.5	1.7
South	8.4	10.1 (7.2)	31.6 (21.9)	10.2 (6.5)	15.9 (24.0)	2.4 (3.4)	13.9	4.0
West	14.6	11.0 (8.8)	28.8 (24.0)	19.6 (12.8)	16.3 (25.7)	5.2 (7.7)	17.3	9.1
United States	7.6	5.1 (3.5)	16.5 (13.9)	9.1 (6.0)	14.4 (19.6)	2.3 (3.3)	10.1	3.9

[1] The divisions are defined as follows:
New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.
Middle Atlantic: New York, New Jersey, and Pennsylvania.
East North Central: Ohio, Indiana, Illinois, Michigan, and Wisconsin.
West North Central: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.
South Atlantic, Upper: Delaware, Maryland, District of Columbia, and West Virginia.
South Atlantic, Lower: Virginia, North Carolina, South Carolina, Georgia, and Florida.
East South Central: Kentucky, Tennessee, Alabama, and Mississippi.
West South Central: Arkansas, Louisiana, Oklahoma, and Texas.
Mountain: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, and Nevada.
Pacific: Washington, Oregon, California, Alaska, and Hawaii.

Source: Richard L. Forstall, "Population Change in American Cities, 1960–1965, "Municipal Year Book, 1966" (Chicago, Ill.: International City Managers' Association, 1966), p. 35.

Table 7—Urban Areas: Rate of Growth 1960–65 by Population Size and Region [1]

[Population figures in thousands]

Region and item	20,000 to 50,000	50,000 to 100,000	100,000 to 150,000	150,000 to 250,000	250,000 to 500,000	500,000 to 1,000,000	1,000,000 or more	Total
UNITED STATES:								
Number of UA's	365	127	48	48	43	23	24	678
Population—1960	10,390.9	7,858.8	5,442.7	8,394.1	13,569.1	14,497.4	66,435.1	126,588.1
1965	11,175.5	8,511.0	5,898.5	9,287.0	14,900.0	16,210.5	72,975.0	138,957.5
Percent increase, 1960–65	7.6	8.3	8.4	10.6	9.8	11.8	9.8	9.8
New England:								
Number of UA's	19	9	4	3	4	2	1	42
Population—1960	504.5	539.7	504.6	505.7	1,598.3	1,626.5	3,372.8	8,652.1
1965	514.0	571.5	514.5	534.0	1,684.0	1,735.0	3,540.0	9,093.0
Percent increase, 1960–65	1.9	5.9	2.0	5.6	5.4	6.7	5.0	5.1
Middle Atlantic:								
Number of UA's	53	14	6	6	5	2	4	90
Population—1960	1,571.7	958.5	711.9	1,236.0	1,563.4	1,182.7	22,579.5	29,803.7
1965	1,599.5	980.0	746.0	1,246.0	1,656.0	1,250.0	23,990.0	31,467.5
Percent increase, 1960–65	1.8	2.2	4.8	.0.8	5.9	5.7	6.2	5.6
East North Central:								
Number of UA's	58	28	14	8	6	5	5	124
Population—1960	1,627.8	1,702.7	1,598.1	1,493.4	2,026.8	3,258.9	15,250.5	26,958.2
1965	1,714.5	1,804.5	1,683.0	1,629.0	2,149.0	3,600.0	16,285.0	28,865.0
Percent increase, 1960–65	5.3	6.0	5.3	9.1	6.0	10.5	6.8	7.1
West North Central:								
Number of UA's	39	8	5	2	4	----------	3	61
Population—1960	1,140.7	493.5	579.9	310.6	1,303.1	----------	4,518.4	8,346.2
1965	1,223.0	532.0	626.5	330.0	1,395.0	----------	4,925.0	9,031.5
Percent increase, 1960–65	7.2	7.8	8.0	6.2	7.1	----------	9.0	8.2
South Atlantic, Upper:								
Number of UA's	11	3	1	2	1	----------	2	20
Population—1960	373.5	175.0	126.6	445.0	318.7	----------	3,690.1	5,128.9
1965	372.0	177.5	121.0	449.0	355.0	----------	4,215.0	5,689.5
Percent increase or decrease (—) 1960–65	—0.4	1.4	—4.4	0.9	11.4	----------	14.2	10.9
South Atlantic, Lower:								
Number of UA's	57	18	5	13	6	2	2	103
Population—1960	1,572.8	1,120.4	542.3	2,260.5	1,868.2	1,035.2	2,223.1	10,622.5
1965	1,761.0	1,280.0	593.5	2,552.0	2,138.0	1,180.5	2,730.0	12,235.0
Percent increase, 1960–65	12.0	14.2	9.4	12.9	14.4	14.0	22.8	15.2
East South Central:								
Number of UA's	26	10	3	2	4	3	----------	48
Population—1960	755.0	611.5	343.0	346.4	1,288.2	1,987.9	----------	5,332.0
1965	828.0	648.5	431.0	387.0	1,403.0	2,150.0	----------	5,847.5
Percent increase, 1960–65	9.7	6.1	25.7	11.7	8.9	8.2	----------	9.7
West South Central:								
Number of UA's	46	16	4	5	6	4	2	83
Population—1960	1,268.4	1,052.0	470.5	830.7	1,692.9	2,573.0	2,274.0	10,161.5
1965	1,372.5	1,138.5	523.0	949.0	1,861.0	2,900.0	2,770.0	11,514.0
Percent increase, 1960–65	8.2	8.2	11.2	14.2	9.9	12.7	21.8	13.3
Mountain:								
Number of UA's	22	7	3	3	3	1	1	40
Population—1960	657.0	397.5	293.5	400.2	919.5	619.6	858.3	4,145.6
1965	719.5	461.0	339.0	555.0	1,115.0	810.0	1,035.0	5 034.5
Percent increase, 1960–65	9.5	16.0	15.9	38.7	21.3	30.7	20.6	21.4
Pacific:								
Number of UA's	34	14	3	4	4	4	4	67
Population—1960	919.5	808.0	272.3	565.6	990.0	2,213.6	11,668.4	17,437.4
1965	1,071.5	917.5	321.0	656.0	1,144.0	2,585.0	13,485.0	20,180.0
Percent increase, 1960–65	16.5	13.6	17.9	16.0	15.6	16.8	15.6	15.7

[1] Urban Areas (UA's) are Rand McNally "Metropolitan Areas" (RMA's) and Urban Concentrations.

Source: Derived from published and unpublished data developed by Rand McNally & Company.

smaller categories (20,000 to 150,000) are growing at a rate below the national increase; indeed, *the smallest growth rate occurred in the smallest population class.*

The remaining population classifications grew at rates more or less paralleling the national average. Nonetheless, even though the largest urban concentrations had a growth rate only on a par with the national average, they accounted for no less than 52.9 percent of the total increase in Urban Area (UA) population between 1960–1965. As indicated by the following distribution, the proportion of the total increase going to the other population classifications was far less: 500,000 to 1,000,000–13.8 percent; 250,000 to 500,000–10.8 percent; 150,000 to 250,000–7.2 percent; 50,000 to 150,000–9 percent; and 20,000 to 50,000-6.3 percent.

Total UA population change for the five-year period was well below the national average in three regions, New England, Middle Atlantic, and East North Central, and somewhat below the average in the West North Central region. The East South Central division had a rate comparable to that of the nation. Above average growth was registered in the remaining regions with the lower South Atlantic, Mountain, and Pacific divisions making the greatest gains. It should be emphasized that percentage population changes for regions presents a rough picture which obscures a wide range of intraregional variation among urban areas.

Turning to the regional growth patterns for different size UA's, the smallest category (20,000 to 50,000) produced above national rates of growth in five regional divisions: the lower South Atlantic, East

South Central, West South Central, Mountain, and Pacific regions. In short, small urban areas have been growing at greater than average ratios in the broad geographic curve that begins in Virginia, swings down through the Old South and Southwest, and ends up on the West Coast. Medium-size urban categories (50,000 to 250,000) follow exactly the same Southeast to Pacific arc in terms of regions having greater than national growth areas. Moreover, with but two UA subcategory exceptions, the regional rates of increase for these medium size urban areas were greater than their counterparts in the 20,000 to 50,000 class.

Comparison of regional growth rates for the larger urban concentrations (250,000 to 500,000 and 500,000 to 1,000,000) reveals a somewhat similar geographic pattern of above-average increases. Only the lower rates for the East South Central division prevents an exact duplication of the same crescent-shaped pattern that emerged for the smaller categories. Finally, for the largest group (one million and over), a slightly different regional clustering arises with those in the upper and lower South Atlantic, West South Central, Mountain, and Pacific regions expanding at a rate exceeding the national average for the five-year period.

Turning to the regions that uniformly produced below average growth rates for the various UA categories, another interregional arc emerges, swinging from rural Maine through the southern New England—Middle Atlantic—Great Lakes manufacturing belt, continuing through the wheat producing regions of the Plains States, and ending up in rural North Dakota.

While the foregoing stresses the relatively greater growth rates of the southern and western sectors (the lower South Atlantic, East and West South Central, Mountain, and Pacific States), certain striking facts relating to absolute population figures also stand out. They contained more than half of the Urban Area population living in the middle range of cities (50,000 to 1,000,000) although they accounted for only 39.4 percent of the total population in Urban Areas (20,000 and above). This seeming paradox mainly reflects the fact that these two geographic sectors contain only 27.4 percent of the urban population living in areas of one million or more.

CITIES—THEIR BASIC ECONOMIC FUNCTIONS

An economic classification of cities provides additional insights into the nature of the urbanization process, especially when it includes a breakdown according to size, regional location, and metropolitan status. While a number of studies provide an economic classification of cities, most of them rely exclusively on census data describing the traits of persons residing in urban jurisdictions. For the purposes of this brief analysis, the approach developed by the International City Managers' Association in its *Municipal Year Books* will be relied upon, since it focuses on the economic activities actually going on in the various municipalities.

Over the past 20 years or more, the ICMA has presented an economic or "functional" classification of cities over 10,000 population in various editions of its *Municipal Year Book*. The 1967 edition of the *Year Book* contains classification data based on the 1963 Manufacturers and Business census in conjunction with data from the 1960 Census of Population.[5]

The number of cities and other places of 10,000 or more classified by ICMA totals 1,849. These urban communities were divided into functional types, on a basis of the dominant economic activities carried on within their corporate limits. The survey determined the economic classification for nearly all of the types of cities by the number of persons employed in four main categories: manufacturing, retail trade, wholesale trade, and selected services. The "aggregate employment" or combined total of the four categories does not include employment in mining, transportation, public administration, and other such activities not reported by the Census of Manufacturers and Business. The comparatively few cities (122) in which these activities constituted the dominant economic effort were determined by labor force data from the 1960 Census of Population.

While fully recognizing that this approach does not reveal the full profile of each municipality surveyed, it is the most sophisticated method available and has produced a classification system that has been extensively relied upon for more than two decades. Under this ICMA system, the following economic municipal types emerge:

Manufacturing—where 50 percent or more of the aggregate employment is in manufacturing and less than 30 percent in retail trade;

Industrial—where 50 percent or more of the aggregate work force is in manufacturing and over 30 percent is in retail trade;

Diversified-Manufacturing—where employment in manufacturing is greater than that in retail employment, but less than 50 percent of the total employed in the four major categories;

Diversified-Retailing—where employment is greater in retailing than manufacturing, but manufacturing accounts for at least 20 percent of the total in the big four;

Retailing—where retail employment is greater than manufacturing or any other component of the aggregate work force, and manufacturing is less than 20 percent;

Dormitory—where aggregate employment is less than 67 percent of the resident labor force engaged in activities cited above and below.

A small group of 122 are classified as "specialized cities" in the survey and include those in which some unusual economic activity forms the principal support of the community, such as:

Wholesaling—where employment in this trade constitutes at least 25 percent of the aggregate employment;

Mining—where the resident labor force in mining is greater than that in manufacturing or retail trade;

Transportation—where the resident labor force in transportation is greater than that either in manufacturing or retail employment;

Resort—where the employees in entertainment, recreation, and personal services, but not in private households, totals more than the manufacturing or retailing employment;

Government—where the resident labor force in public administration and armed forces outnumbers the combined manufacturing and retail employment and is greater than any other category and also where public personnel exceed the military.

Armed Forces—where the resident armed forces constitute more than 50 percent of the resident labor force, or outnumbers the combined employment in manufacturing and retailing and is more than 20 percent of a city's total population;

Professional—Where the resident labor force in professional activities (other than health and education) exceeds manufacturing or retail employment;

Hospital—where the hospital labor force surpasses that in either manufacturing or retailing;

Education—where educational employees outnumber those in the two major sectors;

Service—where employment in selected services is at least 30 percent of the aggregate and where a city does not qualify for any other category.

Table 8 shows the number of cities over 10,000 population by regions and SMSA's classified by basic economic function. The Northeast region contains 560 (30.3 percent) of the cities tabulated; the North Central region, 547 (29.6 percent); the South 453 (24.5 percent); and the West 289 (15.6 percent).

Table 8—Functional Classification of Cities Over 10,000 and SMSA's by Region,[1] 1963

Economic function	North-east	North Central	South	West	Total	SMSA's
Manufacturing	245	201	90	33	569	98
Industrial	28	30	10	6	74	7
Diversified—Manufacturing	61	63	85	25	234	62
Diversified—Retailing	34	55	103	57	249	43
Retailing	16	36	74	71	197	7
Dormitory	156	133	53	62	404	0
Specialized: total	20	29	38	35	122	9
Wholesaling	5	2	5	6	18	0
Services	0	0	2	3	5	0
Mining	0	3	4	3	10	2
Transportation	1	1	2	2	6	0
Resort	0	0	1	2	3	2
Government	1	1	4	2	8	1
Armed Forces	7	2	6	4	19	2
Professional	0	0	0	2	2	0
Hospital	0	1	0	0	1	0
Education	6	19	14	11	50	2
Total	560	547	453	289	1,849	226

[1] Regions are defined as follows:

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont.

North Central: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio, Nebraska, North Dakota, South Dakota, Wisconsin.

South: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, New Mexico, Nevada, Oregon, Utah, Washington, Wyoming.

Source: ICMA, "The Municipal Year Book, 1967" (Chicago, Illinois, 1967) p. 40.

Cities classed as manufacturing constitute the most common single type, comprising 569 out of the total of 1,849 cities surveyed. With the exception of specialized city types, the smallest number were found in the industrial category and most of these were relatively small urban places. Diversified-manufacturing cities, the fourth largest group, were more strongly represented among large cities than smaller ones, with 15 of the 27 over 500,000 population falling in this category. The third largest class—the diversified-retailing cities—numbered 249, but included only four in the over 500,000 population bracket. Retailing cities, the fifth largest class, are concentrated in less industrialized regions and include smaller municipalities. The 404 dormitory cities, the second largest, are made up largely of suburban communities in which local employment is subordinate to commuting. Most of these are small with only 53 numbering over 50,000 in population.

The ten categories making up the specialized cities totaled about 7 percent of the cities classified. The three largest clusters in this special group are the college towns—totaling 50; the wholesaling cities—numbering 18; and the armed forces communities (19). It should be noted, however, that 54 other cities had armed forces residents constituting more than 20 percent of the working force.

The ICMA study also reveals important differences in the regional distribution of the different functional types. Eighty percent of the manufacturing cities are in the Northeast or North Central regions, accounting for 44 percent and 37 percent of their respective totals. Similarly, more than three-quarters of the industrial cities are found in these two regions. On the other hand, manufacturing and industrial cities combined account for only 22 percent of the cities in the South and only 13 percent in the West. Cities in the diversified-manufacturing category are more evenly distributed among the regions, accounting for 9 to 12 percent of those in three of the regions and 19 percent of all cities in the South.

Few cities in the diversified-retailing and retailing categories are found in areas where manufacturing and industrial centers are common. On the other hand, thirty-eight percent of all the cities in the South and 44 percent of those in the West were in these two categories. In both cases, they form the most important single functioning grouping.

Dormitory cities were most common in the Northeast and North Central regions, constituting 28 percent and 22 percent of the respective totals. Such communities comprised a much smaller proportion of Southern and Western cities.

Specialized cities are somewhat more common in the West (12 percent of all cities) and the South (8 percent), than in the Northeast (4 percent) or North Central regions (5 percent). Cities in the education subcategory are most frequent in the North Central division and, surprisingly, more armed forces communities are found in the Northeast than in any other region. The frequency distribution of cities in the other *specialized* categories reveals no particular regional pattern.

Of the 226 SMSA's shown in Table 8, nearly half (46 percent) are classified as manufacturing or industrial. A little over one-fourth (27 percent) are in diversified-manufacturing and slightly less than one-fifth (19 percent) in diversified-retailing. Only 3 percent are in retailing, while the specialized categories account for only 4 percent of the metropolitan areas surveyed.

In general, the economic classification of SMSA's parallels that of cities of 100,000 or more. Two qualifications should be noted however: more SMSA's fall in the manufacturing category than large cities per se, and somewhat fewer in the diversified-manufacturing group.

The sharply contrasting regional patterns of the manufacturing, industrial, and dormitory functional types prompted Rand McNally researchers to explore the regional and subregional variations in greater depth.[6] They found that the dominant region for manufacturing, industrial, and dormitory cities is a manufacturing belt, comprising the Northeast and Great Lakes States, plus Minnesota, Iowa, St. Louis and suburbs in Missouri, Kentucky, West Virginia, Maryland, Delaware, and the District of Columbia. Involving more than the Northeast and North Central regions as defined by the Census, this area includes 512 (80 percent) of all manufacturing or industrial cities, and 289 or 72 percent, of all dormitory cities. Manufacturing or industrial cities comprise 65 percent of all cities in this northern crescent, when dormitory cities are excluded. This high proportion is maintained in nearly all sections of the region, though transition areas in which manufacturing-industrial cities are not as common appear on the western edge (southern Illinois, Iowa), the southern rim (Kentucky, West Virginia, Maryland), and in areas of the Northeast (upstate New York).

The southeastern section of Virginia, the Carolinas, Georgia, Alabama, and Tennessee has 67 manufacturing or industrial cities, or close to half of the non-dormitory cities surveyed in this special analysis. Dormitory cities, in contrast, number only 15. This region then has many highly industrialized small cities, but few large metropolitan complexes and few large incorporated suburbs. Dormitory suburbs are relatively uncommon.

With only one manufacturing city, Florida has a lower percentage for this category than any other State east of the Mississippi. Seven of its 49 cities, however, are classed as dormitory in basic function. While highly urbanized, industrial development clearly is much less prominent in Florida than resort, commercial, and defense activities.

The South Central region, comprising Mississippi, Missouri (except for metropolitan St. Louis) Arkansas, Louisiana, Kansas, Oklahoma and Texas, has only a little over 10 percent of its cities in the manufacturing or industrial categories. The diversified-retailing city is typical for this region. As in the Southeast, large suburbs are not common, though some (14) have developed in the area's large and rapidly-growing metropolitan complexes.

The Northern Great Plains (including Nebraska) and the Mountain States (except for Nevada) comprise a vast region for 10 States. Not one of the 97 cities over 10,000 in this combined area falls in the manufacturing or industrial group, however. Urban centers in this area are usually regional trading centers having little manufacturing. Its six dormitory cities are adjacent to a few of the major metropolitan centers.

The Pacific Coast, including Nevada's few cities, has 49 of its 218 cities in the manufacturing-industrial categories. But a marked contrast emerges between the Los Angeles-San Francisco Bay metropolitan areas and the rest of the region. In these two major metropolitan areas, the proportion of manufacturing-industrial cities amounted to 43 percent, comparable to that in the Southeast. Like other metropolitan areas across the country, a high proportion (40 percent) of all cities within the two areas fall in the dormitory class. This reflects the restrictive annexation laws in California and concomitant fragmentation of local government. In the remainder of the Pacific region, there are only seven manufacturing or industrial cities, a lower proportion than for any other area, save for Florida and the Plains-Mountain group.

To sum up, manufacturing is the dominant economic activity of a high proportion of individual cities in the Northeast and Midwest. A moderate concentration of manufacturing-oriented communities is found in the Southeast and in the Los Angeles and San Francisco urban areas on the West Coast. Few are found in the rest of the country, with almost none in Florida, the Great Plains, and the Mountain region.

The ICMA analysis also disclosed significant variations in city-size for the various economic types.[7] Diversified-manufacturing cities tend to be very large, with nearly half of the cities over 250,000 assigned to this category. Only 21 percent in the 100,000 to 250,000 bracket and 15 percent in the 50,000 to

100,000 class have this functional designation. Large cities then rarely get that way without substantial manufacturing. Witness the fact that only one *retailing* city had a population over 250,000. Large cities also "tend toward an approximate balance between the various economic activities—a balance less likely to be found among smaller cities." [8] Middle-size cities (50,000 to 250,000) on the other hand, account for a greater share (about 37 percent) of the *manufacturing* category. Only 30 percent of those below 50,000 fall in this functional class and 28 percent in the over 250,000 bracket.

On the basis of these various findings, it appears that cities with significant manufacturing activities combined with a balanced blend of other economic pursuits tend to be large. Cities dominated by manufacturing tend to be medium-sized. Cities serving as local retailing or specialized centers, with little to moderate industry, tend to be small as do cities that serve as dormitory communities.

Finally, in terms of the location of these functional types in the intricate mosaic of urban America, central cities—as might be expected—are far more likely to be of the diversified-manufacturing type (and rarely retailing), than suburbs or separate "urban places." Manufacturing as such is found commonly in all three urban categories. Diversified-retailing, retailing, and specialized activities tend to be more characteristic of the independent urban centers ("nonmetropolitan urban places"), while the dormitory function, not surprisingly, falls heavily to the suburban group.

THE PROBLEM OF SPRAWL

The earlier analysis of central cities, suburbs, "metropolitan remainders," and "nonmetropolitan urban places" (along with annexations) at least suggests that the process of urbanization does not always produce a painless, planned, and productive land use pattern on the urban perimeter.

The term "sprawl" is frequently used to describe much of the land development now taking place at the periphery of expanding urban areas. This pattern is characterized by substantial bypassed tracts of raw land between developing areas and a scattering of urban development over the rural landscape. As Jean Gottman put it: "Where two cities are close together the intervening rural space becomes covered with new developments. This kind of leapfrogging sprawl outflanks some farms while it covers others." [9]

Sprawl may occur with three types of physical development.[10] It may result from a very low density development of a large area, where single family homes are built on lots of two to five acres, or more. This low density sprawl consumes large amounts of land that some argue should be developed at higher density ratios. A second form results from more intensive development extending out from built-up areas along major highway routes. Space between the strip development is underdeveloped and public service costs usually are more expensive to provide in strip sprawl than in low density urban sprawl. Finally, sprawl also is characterized by leapfrog developments where relatively compact urbanization takes place, but surrounded by substantial undeveloped land. Such development usually requires the greatest initial capital expenditures for urban services.

Sprawl is not a static phenomenon. Each year approximately 400 to 500 thousand acres, most of which are in the outskirts of metropolitan areas, are withdrawn for urban land uses.[11] While this land consumption is only roughly 0.034 percent of the total area of the continental United States, unplanned development, scattered in random and leapfrogging fashion over the countryside, destroys natural open space needed for the growing demand for recreation and other purposes. Furthermore, it spirals public service costs for sewer and water lines and school bus transportation, and frequently destroys any possibility for an efficient and economic mass transit system. Marion Clawson has succinctly summarized the case against sprawl: [12]

> (1) A sprawled or discontinuous urban development is more costly and less efficient than a compact one. . . . (2) Sprawl is unesthetic and unattractive. (3) Sprawl is wasteful of land since the intervening land is not specifically used for any purpose. (4) Land speculation is unproductive, absorbing capital, manpower and entrepreneur skills without commensurate public gains. . . . (5) It is inequitable to allow a system in which the new land occupier is required to shoulder such a heavy burden of capital charges or debt merely for site costs—costs which in large part are unnecessary and avoidable.

Other writers, however, point out that sprawl is a form of normal growth that occurs at a particular point in time. Such scatterization, they argue, actually may provide flexibility in urban development and encourage efficient adaptation to change. Uniform compactness of development "should no longer . . . (be) . . . accepted unquestioningly as a planning ideal, and scatter . . . no longer categorically rejected as a device of the devil." [13]

Robert O. Harvey and W. A. V. Clark suggest that another important characteristic of sprawl—the choice of different housing opportunities relative to other alternatives—must be considered, notwithstanding its alleged and real costs.[14]

> Sprawl, by any definition, refers to settled areas no matter what their characteristics may be. Accordingly, at the time the sprawl occurred, the cost was not prohibitive to the settler. It provided a housing opportunity economically satisfactory relative to other alternatives. If sprawl were in fact economically unsound, it would occur only by the action of housing seekers artificially restricted from free compacted markets, but

who could and would pay a premium for freedom to be found only in the sprawl. Sprawl occurs, in fact, because it is economical in terms of the alternatives available to the occupants.

The fact that a number of public services may be lacking, or that the journey to work has been lengthened is apparently of little concern to most of us. As Raymond Vernon observes: [15]

> ". . . for all the course of protests, however, most Americans seem strangely unaroused. Each year they buy a few hundred thousand picture windows, feed a few hundred thousand more lawns. The decay of the central city barely concerns them; the cries of strangling congestion stirs them only briefly; even the issue of mounting taxes, an exposed nerve in the structure of local politics, does not seem to have the capacity to bring them shouting into the streets. . . . The striking disparity between the literature of protests and the lethargy of the citizen is a riddle which demands an answer. What I shall contend in substance is that the clear majority of Americans who live in urban areas look on their lifetime experience as one of progress and improvement not as retrogression; that they see their lot as being better than that of their parents and confidently expect the children to do a little better still."

Nevertheless, increasing population pressure has been and is spoiling the dream. Some suburban communities have reacted by adoption of insular policies. To stem population growth these communities have adopted land use controls that, in effect, build fences around the large central cities. Some suburban zoning practices have tended to bar lower cost housing by increasing residential minimum lot sizes to the point where only upper middle income families can afford the houses built on them. Such policies tend to produce fiscal disparities among local jurisdictions in metropolitan areas. No fiscal prognosis of suburban areas is valid, however, that lumps together all suburban jurisdictions. Anyone familiar with the fiscal landscape of suburbia is keenly aware of the fact that it does not present a uniform picture of affluence. On the contrary, suburbia fairly bristles with contrasts between rich, poor, and balanced jurisdictions; [16] although it is true that suburbia contains much of the wealth and income of the nation.

The battle against sprawl has been joined in a few communities across the country. These jurisdictions offer a method or strategy of attack. Some suburban localities have adopted cluster-zoning techniques to preserve open space for the community and to cut costs for the homeowner and builder. Others have adopted planned-community zoning techniques to permit a mixture of residential uses and also to allow commercial and even industrial uses on the same tract. Privately developed new communities such as Reston, Virginia, and Columbia, Maryland, also are advanced as an alternative to sprawl.

Another approach is directed toward reforming the real estate tax which presently and generally under-assesses vacant land, encouraging speculation. Proposals for tax reform are many and varied, but most focus on the market mechanism and seek to make private building decisions work for orderly planning and development.

Whatever course is chosen to encourage better urban land development and to discourage further sprawl, two factors having significant bearing on future urbanization policy should be recognized.[17]

(1) The present pattern of land use development results from the individual actions of many decisionmakers—consumers, builders, landowners, developers, financial institutions, industry, commerce, and public agencies. If the urbanization process is to be structured in ways different from the past, the perceptions and expectations of each factor will have to be affected, if not changed.

(2) Public bodies have a residue of as yet unutilized powers to influence the growth and structure of an area. Programing and development of public facilities creates an envelope within which urbanization takes place. The timing, location, and scope of public investment decisions influence, if not shape, the physical form of the region.

URBAN PROJECTIONS

Population projections for the United States anticipate an increase of approximately 83 percent by the end of the century. According to one study, by the year 2000 the total U.S. population is expected to reach 314 million persons.[18] This increase will be sustained largely by natural increases with only one-tenth to one-eighth of the net national population growth coming from immigration. In terms of race, the nonwhite population will increase by 123 percent, the white by 67 percent. The total white population is projected to drop from 89 percent to 85 percent of the total population in 2000 while the nonwhite will increase from 12 percent to 15 percent.

As shown in Table 9, this population growth will continue to be almost wholly urban, as it has for the

Table 9—Past and Projected Population, United States, Urban and Rural, by Color, 1950–2000

	Population in thousands			Percent	
	Total	White	Nonwhite	White	Nonwhite
1950 Census	151, 326	135, 150	16, 176	89. 3	10. 7
Urban	96, 847	86, 864	9, 983	89. 7	10. 3
Rural	54, 479	48, 286	6, 193	88. 6	11. 4
Percent urban	(64. 0)	(64. 3)	(61. 7)		
1960 Census	179, 323	158, 832	20, 491	88. 6	11. 4
Urban	125, 269	110, 428	14, 840	88. 1	11. 9
Rural	54, 054	48, 403	5, 651	89. 5	10. 5
Percent urban	(69. 9)	(69. 5)	(72. 4)		
1967 estimate	197, 900	174, 000	23, 900	87. 9	12. 1
Urban	144, 000	125, 800	18, 200	87. 4	12. 6
Rural	53, 900	48, 200	5, 700	89. 4	10. 6
Percent urban	(73. 0)	(72. 0)	(76. 0)		
2000 projection	314, 000	267, 000	47, 000	85. 0	15. 0
Urban	266, 000	223, 000	43, 000	83. 8	16. 2
Rural	48, 000	44, 000	4, 000	91. 7	8. 3
Percent urban	(85. 0)	(83. 5)	(91. 5)		

Sources: U.S. Bureau of the Census. U.S. Census of Population: 1960. General Population Characteristics, United State Summary (Final Report PC (1)-1B. (Washington: Government Printing Office, 1961.) Table 43. 1967 estimate from U.S. Bureau of Census publication P–25, No. 381 and 384. Year 2000 estimate from aggregated data in Jerome P. Pickard "Dimensions of Metropolitanism," Urban Land Institute Research Monograph 14 (Washington, D.C.: 1967).

past two decades. The rural population will account for only 15 percent of the total population or approximately 48 million. Although net migration will continue to swell the ranks of people in urban and metropolitan areas, current and future growth will largely come from the natural increase of people living in these areas. In other words, the country's metropolitan areas already contain a built-in factor to sustain great future growth.

Present projections for individual metropolitan and urbanized areas suggest that a major share of all national population growth will fall to the largest urban areas.[19] Projected data for separate areas indicate that 27 urbanized areas will hike their population by over 65 million during the remainder of the century and thereby be responsible for more than three-fifths of the net national increase. These 27 include all of the 18 largest future metropolitan centers (each with a population of two and one-half million or more by 2000) along with nine other areas that are presently projected to have population gains of 750,000 or more.

In terms of regional focus, the South and West will benefit most from this growth and with the establishment of new metropolitan areas. The older metropolitan belt stretching from the northeast to the upper Mississippi will experience less dynamic urban growth. This futuristic treatment of metropolitan areas should not obscure the estimate that a sizeable urban population will reside outside of metropolitan concentrations of more than 100,000 persons—approximately 12 percent of the total in year 2000.

Finally, some forecasters see in this future urbanization pattern a tendency toward megalopolitan concentrations. Before describing these estimates, however, it should be noted that these projections are based on the continuance of certain existing trends; they tend to ignore other existing trends, notably in the South (outside of Florida) and the Southwest. *Most important, for purposes of this Report, they presume the maintenance of a basically laissez-faire role by government and industry with respect to future urban growth patterns.*

According to Urban Land Institute projections, 131 million people, 55 percent of the U.S. population, will live in four great urban regions by 1980 and, by 2000, over 187 million or 60 percent of the country's population.[20] These four major urban regions, it is estimated, will absorb most of the population growth from the present to year 2000.

The largest region will be a 500 mile corridor containing 67.9 million people along the Atlantic Seaboard, stretching from Boston to Washington, D.C. The second chain of cities extending nearly one thousand miles from Utica, New York, west to Chicago and north along the western shore of Lake Michigan to Green Bay, Wisconsin, will contain 60.8 million people. Linked with the East Coast megalopolis, this will form a Metropolitan Belt—a super-megalopolis of 128.7 million people. A Pacific Coast complex will consist of 44.5 million people, located along a 500 mile distance between San Francisco through Los Angeles to San Diego. Finally, the fourth major urban region will be comprised of 13.8 million people all within Florida. This belt of urban cities will extend 350 miles along the Atlantic coast between Jacksonville and Miami and will move westward across the Florida Peninsula to the Tampa-St. Petersburg metropolitan areas.

Another 52 million people will be living in 14 smaller urban regions and five metropolitan areas, according to Urban Land Institute projections. These smaller urban regions added to the four great regions will total 241 million persons or 77 percent of the population. These regions will occupy 11 percent of the nation's land* which is likely to be 30 times more densely populated than small town and rural areas.

THE DYNAMICS OF MOBILITY AND MIGRATION

The evolving drama of American urbanization—indeed the very settlement of the continent itself—has been critically influenced and enriched by developments relating to mobility and migration. *Contrary to popular impression, the proportion of Americans who moved from their state of birth during the decade 1950-1960 was not greater than ever before.* The census figures for more than a century indicate only slight shifts over each decade in the percentage of persons living in a State other than that of their birth: [21]

	Percent		Percent
1850–1860	11	1910–1920	7
1860–1870	8	1920–1930	7
1870–1880	7	1930–1940	4
1880–1890	6	1940–1950	9
1890–1900	7	1950–1960	9
1900–1910	7		

Recent decennial interstate migration figures are slightly higher than they were during the period of 1860-1940 but do not match pre-Civil War levels. The dip in the rate of movement during the Depression years probably can be attributed to the fact that many persons had no money to move and, more important, no place to move to with any hope of better employment opportunities. The decade beginning with World War II, however, began a mobility trend which continued up to the last census.

The interstate figures conceal the full extent of migration, however. If all the moves made from year to year are considered, we find recently that for *each*

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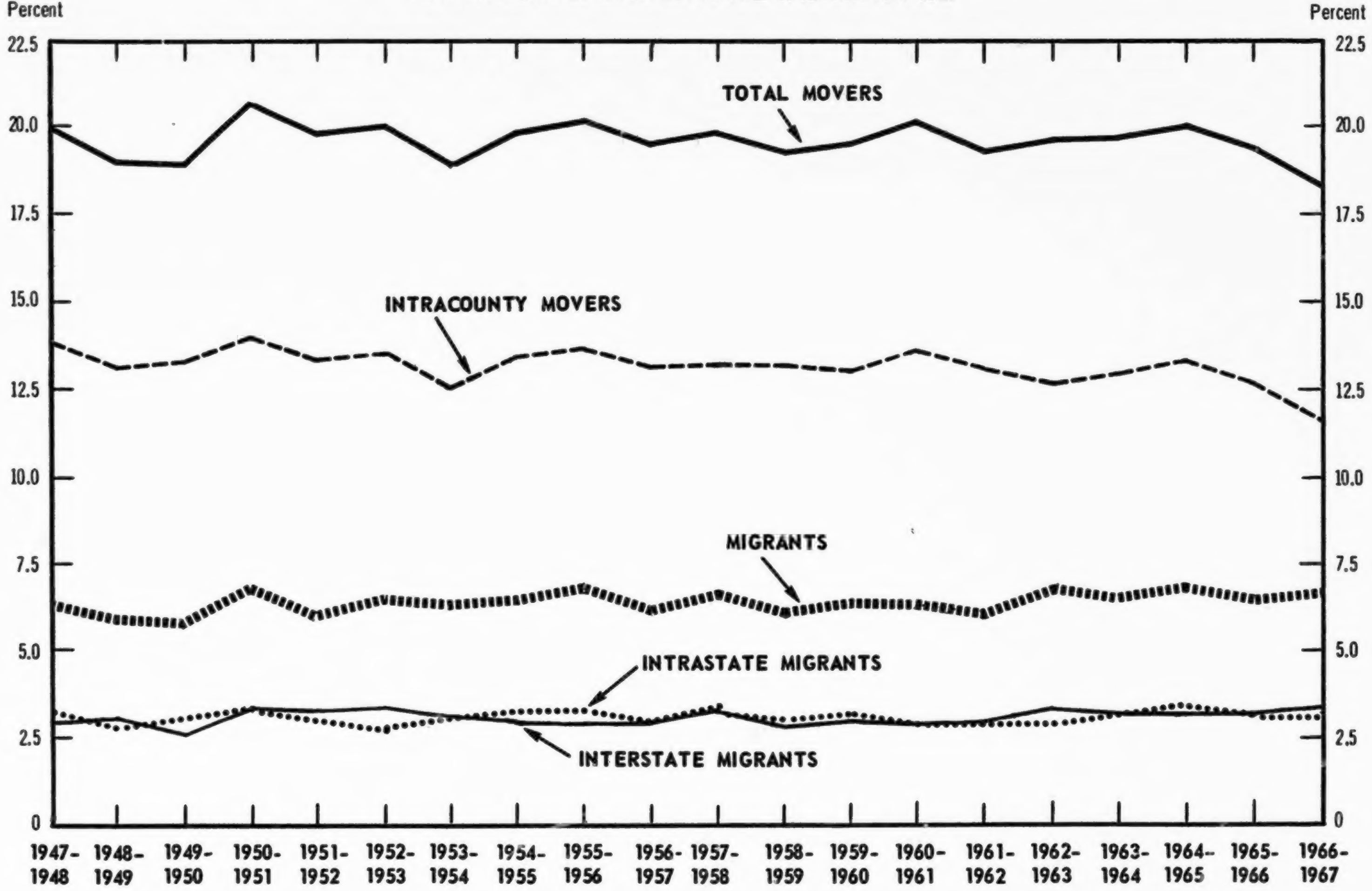
*Excluding Alaska and Hawaii.

FIGURE 3

MOVERS BY TYPE OF MOBILITY AS PERCENT OF THE POPULATION 1 YEAR OLD AND OVER, FOR THE UNITED STATES: APRIL 1948–MARCH 1967



Source: U.S. Department of Commerce, Bureau of the Census, "Current Population Reports," "Population Characteristics," Series P-20, No. 171, April 30, 1968, cover.

year one in every five Americans shifts his place of residence. These moves can be classified on a distance scale beginning with those within a county over to those between noncontiguous States. Intracounty moves usually involve a change of residence within commuting distance of a given job. Intercounty shifts outside of metropolitan areas however usually involve a change to a new job. This type of move is defined by the Bureau of the Census as migration and is described as an intra-State movement. Moves between States are of two different kinds—those where migrants move to contiguous States and those where relatively long distances are travelled—between noncontiguous States. However, with growth of interstate metropolitan areas, even some of this interstate movement loses its significance.

The recent record reveals a surprising stability in the rates for various types of movement. Figure 3 depicts this record for the past 18 consecutive years for which the relevant data have been collected. It shows that about two-thirds of the moves are within the same county; less than one-sixth are to another county in the same State; and less than one-sixth are to another State. Mobility, then, is mostly short distance movement, but the short distance from a core city across the line to a suburb can be a light year in terms of political, fiscal and social significance.

PATTERNS OF MOVEMENT

The census data from the annual surveys show a consistent pattern of net migration into the West. In recent years, however, there appears to be some evidence that this has declined in volume. For the period between 1964 and 1966, net migration figures for the West indicate an annual average of about 150,000 as compared with a yearly figure of about 500,000 for the 1960 to 1964 period.[22] The overall mobility rate, however, was still higher in the West than in the South, Midwest, and Northeast regions.

The annual surveys show men to be slightly more mobile than women and nonwhites to be more mobile than whites. Yet, the migration rate—that is, the rate for longer distance moves—is higher for the white population. The relatively high migration rate for white persons completing one or more years of college and for professional workers suggests some relationship between higher socio-economic status and migration. On the other hand, unemployed men also had a relatively high rate of migration.

In terms of age groups, young adults (18-34 years) have a much higher total mobility rate than persons 35 years or older. Surveys for 1964-1966 show that young adults have a mobility rate of 34 percent as compared with 12 percent for the older group. Young adults also move greater distances than their seniors. With reference to racial groups, the total mobility rate for the four year period for the nonwhite population was 24 percent and for the white population, 19 percent. The higher rate for Negroes, however, was largely a matter of local moves with 82 percent of the nonwhite migrants making intracounty shifts in contrast to only 64 percent of the white movers. Yet, those nonwhites who moved between noncontiguous States tended to move greater distances than their white counterparts—reflecting the continuing migration of nonwhites from the South to northern and western urban centers.

The 1960 Census data show that slightly more than 25 percent of the native population have moved from one State to another at least once in their lifetime[23] (as opposed to 9 percent who moved to another State during the 1950-1960 decade). The former figure includes children too young to have moved frequently. Overall, there has been remarkably little long-term change in *lifetime* migration as gauged by Census. In 1850, the lifetime movement patterns of native born Americans indicated that 76 percent resided in the State of their birth. The 1960 figure was only 1.5 percentage points smaller.

The lifetime mobility of persons moving from one labor market to another, of course, is much higher and is probably greater than that for the last century—although the comparable data are nonexistent. Nearly seven out of ten family heads are now living in a labor-market area other than the one in which they were born, according to the University of Michigan Survey Research Center.[24] Yet only 21 percent of these household heads were living 1,000 miles or more from their place of birth. The Survey Research Center found that 20 percent of all moves were returns to a place where the family had once lived, including 9 percent to their place of birth. Survey respondents were asked whether they would stay in their present locale or move away, if they had the choice. Twenty percent indicated they wanted to move, and about half said they actually expected to in the following year. Those who actually moved, however, totaled only 5 percent.

MIGRATION AND URBAN CONCENTRATION

Urban populations are transformed by two means: natural change and net (in or out) migration. Natural increases, as Table 10 indicates, accounted for more than three quarters (78 percent) of metropolitan population growth during the period 1960-1965, while net migration accounted for 22 percent of the aggregate net growth. These proportions differ significantly with the 65 percent-35 percent breakdown for the preceding, 1950-1960 decade. The growing significance of the natural increase component can be explained in terms of the larger total part of the population that the metropolitan sector is assuming. Moreover, as we move through the final third of the century, this trend will accelerate, unless there is a dramatic shift to net out-migration from metropolitan areas.

Table 10—Components of Population Change, Metropolitan Area, 1960–1965

[All population data in thousands]

Area[1]	July 1, 1965 population	1960–65 total population change	Natural increase	Net migration	Net migration as percent of growth
All metropolitan areas,[2] total	129,993	+11,025	+8,589	+2,436	22
11 largest growth areas	51,353	+5,092	+3,142	+1,950	38
14 intermediate growth areas	17,555	+1,805	+1,222	+583	32
23 medium growth areas	17,684	+1,669	+1,259	+410	25
48 growth areas, subtotal	86,592	+8,566	+5,623	+2,943	34
11 largest slow growth areas, subtotal	10,437	+276	+597	−321	−54
141 smaller growth[3] or decline areas, subtotal	32,964	+2,183	+2,369	−186	−8

[1] Definitions: Largest Growth Areas: Metropolitan areas (or consolidated metropolitan areas) with population increase of 200,000 or more in the 1960–65 period; Intermediate Growth Areas: Population increase 100,000 to 199,000; Medium Growth Areas: Population increase 50,000 to 99,000. The largest slow growth areas are based on population size and represent the 11 largest metropolitan areas in 1965 population which had population growth less than 50,000 or declined in population: Pittsburgh Buffalo, Milwaukee, Louisville, Providence, New Haven-Waterbury-Meriden, Albany-Schenectady-Troy, Toledo, Akron, Birmingham, and Worcester.

[2] All metropolitan and metropolitan county areas, including Middlesex and Somerset Counties, New Jersey, as defined to the end of 1966.

[3] Rochester, New York includes only Monroe County. The other three metropolitan area counties are included in the smaller growth areas.

Source: Jerome P. Pickard, "Analysis of Past and Future U.S. Population Growth Trends with Emphasis on Urban and Metropolitan Population," October 1967, Mimeo.

During the five years 1960–1965, the largest metropolitan growth areas (as defined by Jerome Pickard) steadily had net migration rates above the average for all other areas. The big eleven had population increases ranging from a low of 205,000 for Dallas to over 1.1 million for Los Angeles-Orange County and of the total increase of 5.1 million a little less than two-fifths (38 percent) resulted from net in-migration gains. It should be noted that these figures resulted, despite the fact that two of these areas—Detroit and Chicago—experienced out-migration losses of 55,000 and 3,000 respectively during this period. All told, the nine other areas* accounted for over four-fifths (81 percent) of all net migration during 1960–1965 to all metropolitan areas. Since these nine were the same areas that had the largest population growth during the 1950–1960 period, it seems clear that dynamic population growth and heavy inmigration are closely related.

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*Los Angeles-Orange County; New York-northeast New Jersey; San Francisco-Oakland-San Jose; Washington, D.C.; Philadelphia; Houston; Miami-Fort Lauderdale; San Bernardino-Riverside, Dallas.

Population gains for the 14 "intermediate" and 23 "medium" growth areas also benefited from net migration (32 percent and 25 percent of growth respectively), but obviously not to the extent of the fastest growing. The 11 "largest slow growth areas" and the 151 in the "smaller growth or decline" category, however, suffered net migration losses (54 percent and 8 percent of growth respectively) for the five-year period.

Detailed analysis of all the metropolitan areas experiencing a population gain of 50,000 or more during the years 1960–1965 reveals a varying migration pattern. Yet, certain trends stand out:

- In-migration accounted for a smaller proportion of the growth in metropolitan areas in the Northeast and Great Lakes areas. Only six of the 25 largest and intermediate growth areas were in these regions and of these only the New York-Northeastern New Jersey and Philadelphia areas benefited moderately from in-migration—with net migration ratios of 26 percent and 19 percent of total population growth respectively. Ten of the 23 "medium growth areas" were located in these two geographic divisions and five of these had modest migration ratios (20 percent of growth or more).
- The overall population gains for 28 metropolitan areas, located in the South, Southwest, Mountain States, and Pacific Coast, came to 4.7 million or 43 percent of all metropolitan growth for the five-year period. This gain for these 28 also accounted for 55 percent of the total for the three high growth categories. Two and four-tenths million—or 51 percent—of the 4.7 million was derived from net migration gains. Moreover, as a proportion of the net migration total for the 48 high growth areas, this 2.4 million represents 81 percent and with reference to all net migrations to all metropolitan areas, it represents more than 99 percent. Finally, all but three of the four region's 16 areas in the largest and intermediate growth categories had net migration ratios of 50 percent of growth or more.
- The large metropolitan areas in three States—Florida, Texas and California—generally had very high net migration percentages for the 1960–65 period. Eleven areas, located in these States were among the 25 in the "largest" and "intermediate growth" categories; of these, only one (San Diego) had a ratio of net migration to total population growth of less than 50 percent. Of the four from these States in the "medium growth" bracket, two surpassed the 50 percent mark, but two fell below it (Orlando—48 percent and San Antonio—17 percent).
- Only three other large growth centers (in the largest and intermediate groupings) had high (50 percent or more) net migration ratios: Washington, Atlanta, and Phoenix. And only one other in the "medium growth" bracket had a comparable net migration proportion: Huntsville, Alabama.

CAUSES OF MOBILITY

From an economic standpoint, it can be argued that everyone who should move would be better off if he did so. Migration to expanding labor-market areas from depressed economic enclaves could reduce unemployment, encourage economic growth, and ease inflationary pressures. Yet, economic analysis clearly does not determine human action. A fairly large number of people intend to move, but for various reasons never make the final decision. Many, who would be better off elsewhere, prefer not to move because of strong family ties, preference for a particular community, or other noneconomic factors. Older persons with job seniority or accrued pension benefits frequently are reluctant to move, despite the chance for economic betterment.

The Survey Research Center has probed a number of specific factors that condition a person's decision whether or not to move. These included personal economic incentives, differences in labor-markets areas, family and community ties, a vested interest in homeownership, pension plans and unemployment insurance, and individual attitudinal traits. These determinants either facilitate or inhibit geographic mobility. The findings of the Survey Research Center may be summarized as follows:

- Personal Economic Incentives.—Most of the people surveyed, who indicated a willingness to cross county lines, gave job-related reasons for moving. People in stronger economic positions and having higher job skills and education tended to be more likely to move for better paying jobs. The Survey Research Center found the unemployed only slightly more mobile than the employed. Heads of families with unemployment experience indicated a far greater interest in moving than family heads with steady employment, *but most unemployed families did not move.*

Two explanations were offered in the Survey for the weak relationship between unemployment and mobility.[25]

> First, unemployment rates are highest with low mobility—older persons, the less-skilled or less educated, and Negroes—all of whom may be induced to move, if at all, only if their joblessness becomes a severe hardship. Second, the low level of aggregate demand in the period covered by the survey meant that the majority of workers was not attracted by job

opportunities elsewhere. The unemployed who did move were shown to have relatively more education, better skills, or other relatively advantages in a labor market.

Survey Research Center analysts concluded that people tend to give more economic rationale for their moves than actually exist. When economic opportunities did influence a move, they motivated those people who already had relative advantages in the labor force. The unskilled and uneducated in general, tended either not to move or if they did, immediate economic advantages were rarely gained by it.

- Economic Differences Between Areas.—The study found that areas of high income activity attract inmigration, while on the other hand, areas of low economic activity *do not encourage extensive outmigration.* Large numbers of people, it was discovered, do not move merely because their present location is less favorable in one economic respect or another. More positive incentives such as an active demand for labor, for example, are required to induce migration. At the same time, it was found that economically well-off locations also drew people from other nearby areas with high levels of economic activity. Two major groups were found to account for most of the migration that occurs between areas with differing levels of economic activity. Young adults and those suffering extreme economic hardship tend to move most readily on the basis of economic incentives. On the other hand, blue collar workers, older people, the poorly educated, and Negroes generally do not move to another area merely because of *slightly* more favorable economic conditions.
- Family, Friends, and Community Ties.—The location of relatives appears to play a significant part in the decision to move to another area. If relatives are all nearby, the decision is much more reluctantly taken. If relatives have moved or migrated to another area, ties to the current place of residence are likely to be weakened.

Nearly one out of four respondents reported that their most recent move was made wholly or in part for family reasons, chiefly to be reunited. Of those who moved, the study found 46 percent went to locations where some member of their family already lived. The location of close friends was another factor found to have a significant effect on mobility, though to a lesser extent than the residence of relatives. Other considerations mentioned included climate, special natural assets, or community features that were deemed attractive.

- Home Ownership, Pension Plans, and Unemployment Insurance.—The study found that none of the so-called security factors—homeownership, pension plan benefits, or rights under unemployment insurance laws—were *strong* barriers to mobility. Homeownership itself may make a person reluctant to move, but the study findings were inconclusive. Some respondents who owned homes and moved reported that they did not sell or sold at a loss; but the researchers found no way of accurately estimating the number of persons who failed to move because they could not sell their homes. Little statistical evidence was found that pension rights, vested or unvested, or unemployment insurance inhibited mobility.
- Psychic Factors.—The Survey Research Center found little or no relationship "between the overall probability that a person will move and either of the two measures of personality that were considered—(1) the sense of personal effectiveness, and (2) 'achievement versus security' orientation." [26] Respondents, however, with a grade school education were likely to cite their personal worth as reason for their most recent move. In other words, a reason other than economic was given for moving. Yet, these interviewees tended to report that the most recent move was a return to a former place of residence.

THE PROCESS OF MOVING

The Survey Research Center also probed factors that might assist or inhibit the physical process of moving. In evaluating this decision-making process, the Center also investigated sources of job information and the use made of them by migrants.

The study found that about 30 percent of those in the labor force were aware of better job opportunities elsewhere, but had not taken advantage of them. The decision to move was found to be a difficult one and workers were reluctant to make a change, even if they knew it would better them. Most of the respondents, moreover, who preferred another area did not plan on moving there; and most of those who thought they might move the next year, did not do so. Although not documented in the study, the formidable problems of packing and unpacking a lifetime accumulation of personal effects constitutes a significant psychological barrier to moving. This general reluctance to pull up stakes and leave familiar surroundings clearly has an adverse effect on the need for many persons to make or look for better economic opportunities. This hesitancy, the study warned, should not be confused with caution, since movers generally made the decision to relocate on fairly quick notice.[27]

Many moves take place on short notice, without consideration of alternate locations or after only a few sources of information have been investigated. The planning period was found to be one month or less for about one-third of the moves reported; alternatives were not considered in two-thirds of them; and, in over half the cases, family heads who relocated consulted only one or even no other sources of job information.

The researchers point out, however, that a lengthy period for deciding whether or not to move is not always necessary. Familiarity with the new area, help from friends and relatives, and prior moving experience may replace the need for such long deliberation. Furthermore, current unemployment status or the offer of an attractive job may preclude or shorten consideration of alternatives.

The Survey Research Center found that the well educated and highly skilled workers are more unlikely to put off the moving decision, although they tend to take more time to make up their minds than the less advantaged. The latter appeared to rely on general job information and tips from friends and relatives. White collar workers, on the other hand, have greater access to specific (and more reliable) information, frequently gained by visits to prospective new locations.

The study concluded that nationwide information about job opportunities for blue collar workers and the less educated would tend to be less helpful given ". . . the lower level of deliberation that precedes most moves . . ." [28] of those in this group. There is no assurance then that better job information would assist the impulsive mover or motivate the reluctant. Nevertheless, information provided by State employment agencies, the researchers felt, would be more helpful to potential movers if more detailed, precise information about job opportunities in other labor market areas and other States were included. Clearly, even more specialized guidance about job opportunities and locations would be necessary for many living in depressed areas.

Moving costs were found to be comparatively low in relation to income of migrants—both for high and low level income families. The survey found that moving expenses amounted to less than 10 percent of one year's income in 83 percent of the cases analyzed. Young people reported the lowest expenses; costs rose as families become larger and belongings accumulated.

On balance, the Survey Research Center concluded that resettlement allowances and funds for investigating potential job opportunities merit consideration by policy-makers. Such assistance, it was felt, should be provided only in those cases where a move would make economic sense. The Center anticipated that the sums involved need not exceed a few hundred dollars per family.

MOBILITY AND THE POOR

The Survey Research Center also investigated the relationship between poverty and low rates of geographic movement. Three groups, known to contain a large number of poor, were surveyed—the Negro population, residents of depressed areas, and welfare recipients.

As confirmed by the 1960 Census and succeeding annual surveys on migration, Negroes today are much less mobile in terms of longer distance moves than the white population. This may be a surprising finding in view of the vast geographic redistribution of the Negro population. But since 1948, intercounty and interstate moves for the Negro population have been lower than those for the white population (which frequently involved a trek to suburban counties). In recent years, the intercounty gap appears to have widened.[29] The principal impediments to Negro mobility appear to be largely emotional in nature, involving chiefly family ties to a particular place and a general uneasiness about unfamiliar surroundings. These pressures were found to be particularly strong when economic incentives were weak. The reluctance to move away from friends and relatives, it was noted, was traced to the discrimination problem.

For the period covered by the survey, 1957–1963, little evidence was found that economic conditions in depressed areas, though more unfavorable than in other parts of the country, were of themselves responsible for stimulating out-migration in that period. The poor economic conditions in these areas, on the other hand, did deter in-migration thereby causing a net out-migration. Most of what migration there was involved the better educated, younger, and more skilled worker. This loss left depressed areas with a labor force that was largely older, less educated, and less skilled—hence less mobile. In-migrants to depressed areas have more of a tendency to resemble the stayers rather than the movers.

No evidence was uncovered that public or private welfare reduces a recipient's rate of geographic mobility below that of other low income people. The Survey Research Center concluded that such aid may actually provide some moderate incentive to move, although no conclusive findings were uncovered. Analysts explained that the apparent association between low past mobility and the receipt of aid by noting that the former affects the eligibility for the latter. Most people who receive assistance from public welfare agencies are not in the labor force or for reasons of age or lack of education are not likely to be highly mobile. The Survey Research Center study apparently did not consider the possible influence of higher welfare payments elsewhere as an inducement to move to such locations.

URBAN-RURAL CONTRASTS

THE RURAL EXODUS

A major dimension of urbanization involves the tremendous changes in rural America. The heavy out-migration from the farms as a place of living and working is well known. In 1790, 95 percent of the population lived in rural areas; by 1860, the proportion had dropped to 80 percent; and by 1900 to 60 percent. The first census showing the country had become predominantly urban was in 1920 when the urban population numbered 54.1 million as compared with 51.5 million rural (49 percent). In absolute terms, however, the rural population grew steadily from 3.7 million in 1790 to a 61.1 million in 1950, using the old definition of urban, or 54.4 million, using the current one. Today less than 30 percent of us live in rural areas (using the current definition) and less than one-fourth of these 54 million rural residents live on farms and earn their livelihood from agriculture. In short, despite significant shifts within the rural population, this sector today has tended to stabilize slightly below the 1950 figure.

From 1920 to 1940 the urban population increased by 38 percent, while rural residents increased only by 11 percent. The nonfarm rural rate of growth was nearly as high as the urban. Only a slight decline in the number of rural farm people occurred, since the Depression retarded off-farm migration.[30] During World War II and the years immediately following, urban growth more than doubled its previous level, while the overall rural population increased by 3.7 million. From the 1940 level of 30.2 million, the farm population was down to 23 million by 1950. On the other hand, the nonfarm population, most of whom have little or no connection with agriculture, increased their share of the rural total by more than 10 percent during the decade—to reach the 60 percent level. In the 1950's, the urban rate of growth reached high levels while the rural population declined by a half million(using the new definition of urban), despite the continued substantial growth of the nonfarm rural sector.

Fully accurate comparisons with earlier data are difficult to make because of the radical change in the definition of the farm residents used in the 1960 census, which enumerated 15.6 million rural (farm) residents, or about one-third less than the 1950 figure.* In 1966, it was estimated that there were 11.6 million farm residents—a further decline caused by technological changes in agriculture, nonfarm employment, and other factors producing out-migration.

The substantial growth in urban population, however, does not mean that vast areas of the country are being bulldozed over with housing tracts and highways. The greater part of the densely developed northeastern seaboard, for example—a stretch from southern New Hampshire to northern Virginia—is not urban in actual land use. There are more "wide open spaces" in America today than at any time since the closing of the frontier in the late 19th Century.[31] More land today is classified as "forest and woodland, not grazed" than for many years. The agricultural revolution has caused a drop in the population density in rural areas, even as it is rising everywhere else. Moreover, fewer acres are under cultivation today than previously even though farms are getting larger.

When the changes in the number of farm people are viewed in local and regional terms, a picture of even greater fluidity arises. Many rural regions, as well as individual counties, have experienced sharp population losses. From 1950 to 1960 nearly half of the counties in the nation lost population and the overwhelming majority of these were rural in character. As Figure 4 indicates, regions of heavy decline included the interior coastal plain of the lower south from Georgia through Texas and the continuous area of the Great Plains. The Allegheny Plateau, much of the Ozarks, and other upland country of Arkansas, Oklahoma, and Missouri also dropped in rural population in the 1950's. Finally, the marginal corn belt areas of Iowa and Missouri had rural losses of up to 10 percent.

At the same time, there were areas of sizeable rural increase. Many of these grew from net migration as well as from natural increase Increases in rural populations in the 1950's were found in state economic areas of Florida, California and Nevada and in many of the outlying areas of large industrial centers of the lower Great Lakes and Atlantic seaboard. Nevertheless, many of these areas showing a rural growth had large farm population reductions. Agriculture is not the major rural activity in these areas and only the increase in nonfarm rural people offset farm losses. The revival of rural growth in these areas generally is not associated with the traditional rural primary industries, but with manufacturing and commuting to urban employment.

The net migration from the farms has produced many problems of both rural and urban adjustment in recent years. For example, the rural population has a larger proportion of children under 15 (33.4 percent of the rural population) than the urban population (30.1 percent of the urban population), as well as a higher proportion of those in the 15 to 19 year bracket. Yet, there is a relative shortage of persons in the 20 and 64 year age group as a result of migration from rural areas. This is particularly acute in the most mobile age group, those in the 20–44 category. Rural persons 65 years old and over comprise only a

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*In 1960, farm residents were determined by using a definition based on criteria of land acreage and value of agricultural products sold. Formerly, farm residents were determined on the basis of the respondent's opinion as to whether his house is on a farm or ranch. The figure of 15.6 million is the annual average from 1960 derived from the Current Population Survey of the Bureau of the Census. The enumerated farm population in the 1960 census was 13.5 million.

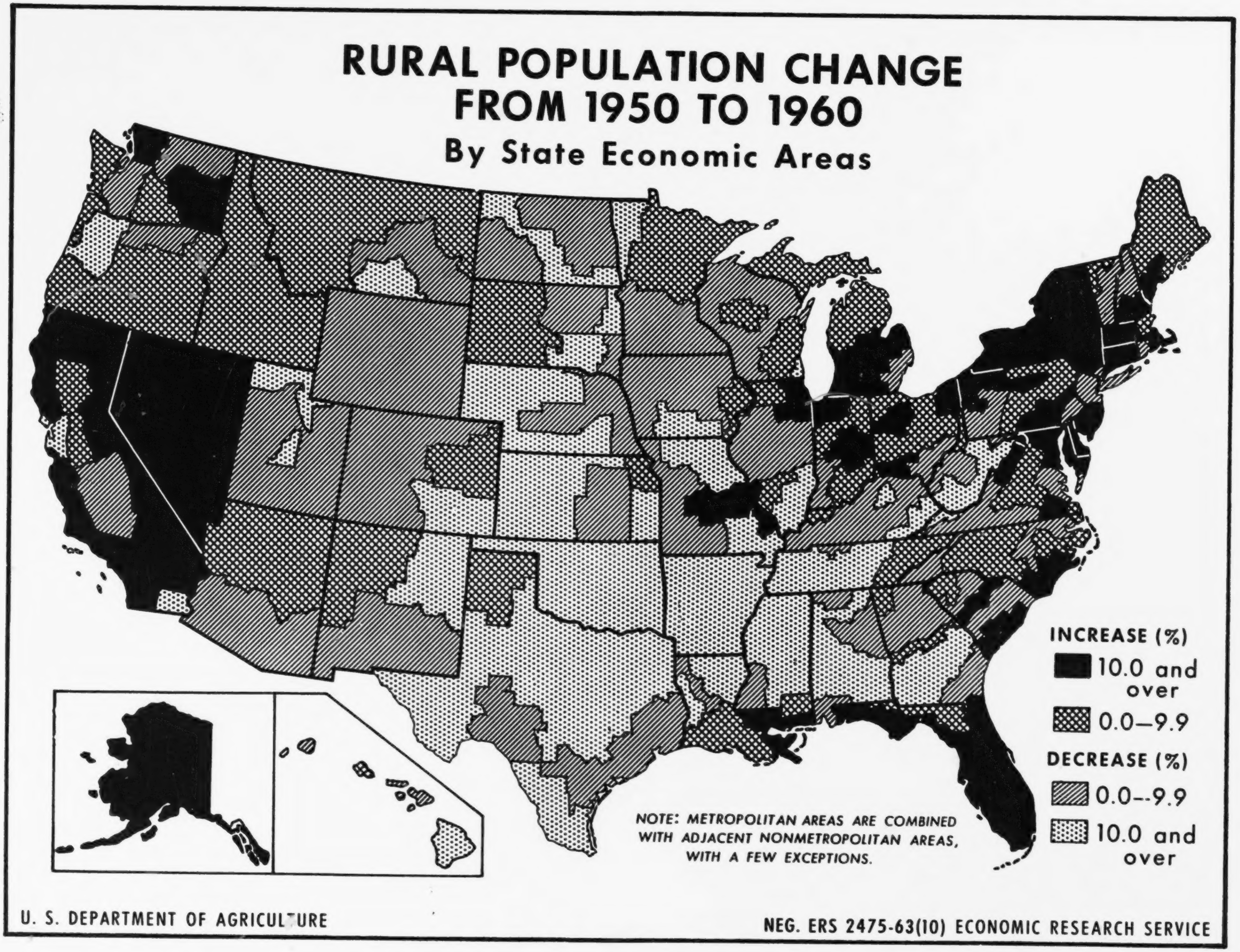
RURAL POPULATION CHANGE
FROM 1950 TO 1960
By State Economic Areas
INCREASE (%)
10.0 and over
0.0—9.9
DECREASE (%)
0.0--9.9
10.0 and over
NOTE: METROPOLITAN AREAS ARE COMBINED WITH ADJACENT NONMETROPOLITAN AREAS, WITH A FEW EXCEPTIONS.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 2475-63(10) ECONOMIC RESEARCH SERVICE

Figure 4

slightly larger proportion of this population than those in urban areas, but the large proportion of children bring the average age of the rural population down to about 3 years less than that of the urban sector. These and other factors combine to produce significant disparities between rural and urban America—disparities that are highlighted in the special analysis of public and other services that follows.

EDUCATIONAL FACILITIES AND SERVICES

Consolidation of rural school districts has been an important part of the educational program in many States. In the decade from 1953-54 to 1963-64, the number of school districts was cut in half, but nearly all of the estimated 9,900 one-teacher schools remaining in 1963-64 were in rural areas.[32] These schools constituted about 10 percent of the total and involved less than one percent of all school children.

An NEA study of small high schools (those with enrollments of less than 300 pupils) revealed that they represented about 57 percent of the total in 1960-1961 and educated 13 precent of all high school students.[33] Seventy-one percent of these secondary schools were located in communities of fewer than 2500. Educational authorities, however, point out that a school district needs a minimum of 1000 school-age children to adequately sustain a four-year high school with 300 students.[34] Support for such a school requires a community of more than 3500 people, assuming approximately one pupil per family. While many rural families are larger than those in urban areas, it is clear that many rural communities do not have enough students for a high school of this size.

Special problems in rural education are further highlighted by distinguishing three types of areas.[35] The first is where sparse population and the related problem of small schools are the dominant factors. This situation is characteristic of some school districts in the Plains, Southwest, Rocky Mountain, and Far West regions. The high expenditures per pupil for some rural States in these areas partly reflect the high costs encountered when sparsity exists.

The second type of rural area is primarily characterized by low income and the related problem of high dependency ratios. In 1960, personal income per school-age child was lower than the national average in the Plains, Southeast, Southwest, and Rocky Mountain regions. In contrast to the sparsely populated rural areas, where educational facilities and services are more expensive due to the distances involved and the small size of schools, the chief problem of low-income rural areas is to provide a comprehensive education without spending an excessively large proportion of their income. At the same time, low-income areas have greater than average needs for continuing education, retraining, and industrial arts to provide training for children and for adults who may wish to change jobs. Low-income areas also tend to have a high proportion of disadvantaged youth who need special attention and require special services. The Primary and Secondary School Act of 1965, it should be noted, is geared to alleviating some of the educational fiscal burdens of these areas.

The third rural type is located in a State dominated by one or more large urban centers. These rural areas may have trouble competing with expanding suburbs for teachers, for State and Federal funds, and for the attention of State leaders. Some of these areas also may be poor and find it difficult to make adequate local financial contributions to education.[36]

A comparison of rural-urban school characteristics is useful in documenting the relation of service levels to community size. A U. S. Office of Education survey (the only one of its type), while based on data more than 10 years old, illustrates the differences. All of the characteristics selected for comparison in Table 11 show that rural and smaller school systems were at a marked disadvantage.

Table 11—Selected Characteristics of Rural and Urban School Systems in the United States, 1955–1956

Subject	Rural systems	Independent city school systems by size of city		
		2,500–9,999	10,000–24,999	25,000 or more
Average enrollment:				
Per elementary school	107	324	382	576
Per secondary school	177	436	781	1,136
Average number of teachers:				
Per elementary school	3.7	11	13	18
Per secondary school	8.7	20	33	47
Average salary of instructional staff	$3,123	$4,034	$4,375	$5,068
Average current expenses per pupil	$221	$273	$286	$321
Average expense for instruction per pupil	$152	$195	$211	$234
Expenditures for transportation per pupil	$21	$10	$5	$3
Percent of systems with kindergarten	27	58	62	73

Source: U.S. Department of Health, Education, and Welfare, Office of Education. "Statistics of Rural Schools," a U.S. Summary, 1955-56. Rural School Survey Circular No. 565.

HEALTH FACILITIES AND SERVICES

The *Health Manpower Source Book* provides an excellent summary of the availability of physicians, dentists, and nurses and the number of hospital beds according to degree of urbanization by counties.[37] Table 12 indicates the limited availability of medical personnel and hospital beds in rural counties compared to urban areas. The only exception to the metropolitan-rural progression is the semi-rural category which had a slightly larger number of hospital beds per capita than any of the more urban categories. The isolated semi-rural areas also accounted for more physicians per capita than counties adjacent to SMSA's. This may be partly accounted for by the fact that persons living near metropolitan areas can travel as

Table 12—Ratio of Persons in Health Occupations and Other Data to Population, by County Group, 1962 [1]

Item	Greater metro-politan	Lesser metro-politan	Adjacent to metro-politan	Isolated semi-rural	Isolated rural	U.S. total
Health personnel per 100,000 population:						
Dentist	71.0	52.0	38.7	40.6	27.4	54.1
Nurse, total	492.7	503.3	388.3	350.6	195.7	449.8
Active	327.5	339.6	254.2	242.8	125.9	300.0
Pharmacist	81.2	65.2	51.3	56.0	45.3	66.7
Physician, total	205.3	153.0	91.5	100.4	59.1	150.8
M.D	195.4	145.3	85.6	94.2	53.0	142.9
D.O	9.9	7.7	5.9	6.2	6.1	7.9
General hosiptal beds per 1,000 population	4.0	3.9	3.2	4.1	2.0	3.8
Effective buying income per capita	$2,526	$2,070	$1,654	$1,551	$1,207	$2,059

[1] Counties within standard metropolitan statistical areas (SMSA), as defined by the Bureau of the Budget, are here classified as greater metropolitan (if they are part of a SMSA of 1 million or more population) or lesser metropolitan (SMSA population of 50,000 to 1 million). Adjacent counties are counties that are not themselves metropolitan but are contiguous to metropolitan counties. All other counties are classified as isolated; semirural counties contain an incorporated place of 2,500 or more population; and rural counties do not.

Source: Adjusted from Health Manpower Source Book, Sect. 19, "Location of Manpower in Eight Health Occupations," by Maryland Y. Pennell and Kathryn I. Baker, (table D), U.S. Department of Health, Education, and Welfare, Public Health Service, 1965.

easily to the metropolitan center as to a nearby county hospital or clinic.

Surveys of doctor and dentist visits and family medical expenses also show urban-rural disparities. A tabulation of the U. S. Public Health Service reveals that metropolitan residents (as a group, by sex, and by age) make more visits to physicians and dentists than do their rural conterparts (see Appendices I-E and I-F).

Urban residents on the average spent one-sixth more for total medical care in 1961 than those in rural areas. However, expenditures for hospitalized illnesses were higher for farm families than for nonfarm and urban families (see Appendix I-D). Total direct medical expenditures were greater for the farm group than for rural-nonfarm, but the urban families spent somewhat more than either. For such specialized medical items as eye care, medical appliances, practitioners other than dentists and physicians, and a miscellaneous category, average family outlays were virtually the same regardless of place or residence. For medicine and drugs, dental services and physicians services (outside of hospitals), an expenditures progression emerges with urban families spending more. Finally, rural and rural-nonfarm families received less free medical care in 1961 than their urban counterparts.

High birth rates are a special rural problem with health and other ramifications. Rural America has a disproportionate share of large and poor families. Census figures indicate that among white rural farm families with low incomes, the average number of births in 1960 was 48 percent higher than for the nation as a whole. The average for poor nonwhite rural farm families was 156 percent greater.[38] This pattern of fertility and financial disability has a grim impact on the health, economic status, and family life of those involved. The incidence of still births, premature births, and infant illnesses and death is much higher for the rural poor than for other socio-economic groups. Yet, relatively few rural families have access to information and medical advice concerning family planning.

HOUSING

Rural areas in general lag behind urban areas in adequacy of housing. Table 13 shows that:

- four out of every five urban residents (81.4 percent) in 1960 lived in sound homes with complete plumbing, while only a little more than one out of two rural families (56.7 percent) could claim equally good housing;
- rural areas accounted for nearly one-third of all housing units, but contained about 44 percent of all the housing lacking structural soundness or complete plumbing;
- approximately 1½ million rural families lived in dilapidated structures and another 3½ million lived in structures needing major repairs;
- in terms of amenities, nearly one out of three homes (69.1 percent) in rural areas did not have complete baths compared to more than nine out of ten urban families (96.3 percent);
- one out of five rural families (21 percent) did not have running water, while only a tiny minority of urban families (1 percent) did not have such facilities; and

Table 13—Selected Housing Characteristics, by Residence, United States, 1960

Item	Total	Urban	Rural		
			Total	Nonfarm	Farm
Occupied housing units (thousands)	53,024	38,320	14,704	11,137	3,566
Condition, occupied units:					
Sound	81.2	85.4	71.5	71.9	69.7
Deteriorating	13.8	11.2	20.0	19.2	22.9
Dilapidated	5.0	3.4	8.5	8.9	7.3
Sound with complete plumbing	74.0	81.4	56.7	58.2	50.9
Tenure:					
Owner-occupied	61.9	58.3	40.5	29.7	26.2
Renter-occupied	38.1	31.7	59.5	70.3	73.8
Sound condition with complete plumbing:					
Owner-occupied	65.0	90.3	67.0	70.3	57.2
Renter-occupied	65.5	71.6	42.6	45.3	33.0
Water supply inside unit: [1]					
Both hot and old	87.2	95.0	69.3	70.3	65.3
Only cold	5.7	4.0	9.7	9.7	9.5
None	7.1	1.0	21.0	20.0	25.2
Bathroom facilities: [1]					
Flush toilet	89.7	98.1	70.3	72.7	62.4
Bathtub or shower	88.1	96.3	69.1	71.1	62.9
More than 1 person per room	11.5	10.2	15.1	15.4	14.4

[1] Data apply to all housing units.

Source: Economic Research Service, U. S. Department of Agriculture, "Rural People in the American Economy," (Washington, D.C.: U.S. Government Printing Office, 1966), p. 118.

- finally, nearly one out of every five rural families did not have both hot and cold running water while over 19 out of 20 urban families had both.

Housing deficiencies, of course, are found more frequently among families of low income and the high incidence of poverty among rural families is a basic factor explaining these conditions. Almost 40 percent of the rural families with incomes under $2,000 in 1960 lived in dilapidated housing or homes that lacked plumbing.[39]

Broader comparisons of the standards of living of rural and urban residents also have been made in terms of housing and other amenities. James Cowhig has developed comparative data based on the number of families who lived in dwelling units in sound condition, had hot water piped inside the structure, had access to a telephone, and owned an automobile.[40] For white households in 1960, the proportions reporting all of these items included 72 percent for urban, 63 percent for rural nonfarm, and 49 percent for rural farm. For nonwhite households, the percentages were 36, 5, and 4, respectively. While a household may not be impoverished if it does not have all of these features, it is still a fact that most rural families have not achieved a level of living comparable to most urban Americans.

POVERTY

As Table 14 indicates, there are virtually as many rural poor as there are urban. Yet, as we have seen, the rural sector as a whole accounts for less than 30 percent of the total population. In short, rural America has a disproportionate share of the nation's poverty.* The figures show that over the years from 1960 to 1965 some progress was made in reducing the number of poor persons and families living in urban, rural (overall), and nonfarm areas. Yet, the rate of betterment for the farm category was substantially less. Indeed, the number of poor "unrelated individuals" living on farms was the same in 1965 as it was in 1960 (200,000).

Table 14—Number of Persons and Families in Poverty, by Residence, United States, 1960 and 1965 [1]

[Figures in millions]

Persons and unrelated individuals	1960		1965	
	Persons	Families	Persons	Families
Total in poverty	41.3		35.3	
Urban	22.6		19.4	
Rural	18.7		15.9	
Nonfarm	13.0		10.5	
Farm	5.7		5.4	
In familes	34.9	8.7	29.0	7.0
Urban	17.8	4.6	15.9	3.8
Rural	17.1	4.1	13.1	3.2
Nonfarm	11.6	2.8	8.9	2.1
Farm	5.5	1.3	5.2	1.1
Unrelated individuals	6.4		5.3	
Urban	4.8		3.5	
Rural	1.6		1.8	
Nonfarm	1.4		1.6	
Farm	.2		.2	

[1] Poverty thresholds for nonfarm families, developed by Mollie Orshansky (Soc. Sec Bul., Jan. and July 1965), in terms of family money income, were determined by: (1) Costing a nutritionally adquate economy food budget for families of various compositions regarding number, age, and sex of members, and (2) multiplying that food cost by three. Poverty threshold for farm families is 85 percent of the money income of the relevant nonfarm family. The range of poverty threshold incomes is: nonfarm, $1,580 for 1-person family under age 65 to $5,090 for family of 7 or more persons; farm, $1,340 for 1-person family under age 65 to $4,325 for family of 7 or more persons.

Source: 1960 figures derived from 1960 Census of Population. Urban, rural, and nonfarm rural populations for 1965 were estimated from Current Population Survey data by Office of Economic Opportunity. (See Dimensions of Poverty, Office of Economic Opportunity, 1965.)

In terms of geographic location, the rural poor tend to be concentrated in portions of 12 States comprising the Appalachian region; the Ozark and Ouachita Mountain areas of Missouri, Arkansas, and Oklahoma; the northern counties of Minnesota, Wisconsin, and Michigan; much of rural northern New England; and the Piedmont and Delta area in the South.

While improved real income would contribute to greater well being, another factor must be taken into account: whether a family, as a consumption unit, contains a producer and whether this producer is employed or productive enough to meet family needs. Five categories of poor American families generally lack these features: (1) nonwhite families with female heads of households, (2) aged families living on farms, (3) aged Negro families living in the country or city, (4) Negro farm families, and (5) farm families with female heads of household.[41] In four of these deprived family categories, the words "farm" or "country" appear.

Other data further illustrates the adverse position of farm income. While per capita farm income has been increasing, it is not at a rate that approximates that of nonfarm groups.[42] In 1965 farm incomes were 63.4 percent of nonfarm incomes. Moreover, the gap between farm and nonfarm personal income has not been greatly narrowed in recent years. This gap is usually explained in terms of the generally lower income opportunities available to rural people, especially to farm people. Some, however, suggest that perhaps as much as 15 percent of these income differences can be explained in terms of income in kind for farm people.[43] Nevertheless, as Table 15 suggests, farm people spend almost as high a proportion on food and housing as do nonfarm and urban residents, while clothing, medical care, and transportation accounted for a higher proportion of farm and nonfarm family income.

From one vantage point, poverty is the same no matter where it occurs and rural and urban poor have many traits in common. Yet, rural poverty is different in a number of ways. It is greater proportionately. It has a much wider geographic distribution. It is somewhat more insulated from the main thoroughfare of

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*See table 14 for the definition of poverty on which this analysis relies.

Table 15—Percentage of Family Expenditures for Current Consumption, With 2 Full-Time Earners, by Residence, 1961

Residence	Food	Housing	Clothing	Medical care	Transportation	Recreation, reading, and education	Other	Total
Farm	22.2	22.0	12.6	7.8	21.7	5.4	8.2	100.0
Nonfarm	23.0	25.6	11.9	6.2	19.6	5.8	7.9	100.0
Urban	23.4	26.7	11.8	5.9	17.0	6.7	8.5	100.0

Sources: Consumer Expenditures and Income. Rural Farm Population (45, table 25C); Rural Nonfarm Population (50, 1964, table 24C; 1966, table 24C).

economic activity. Finally, it is less visible, largely because of the foregoing traits. Its basic causes stem from a "long-term, secular, structural change that has reduced employment in farming and in relatively stable or even declining area nonagricultural jobs."[44] High birth rates, limited occupational experience along with other obstacles to mobility, and a shrinking local population and tax base all combine to perpetuate this condition in numerous enclaves, large and small, in rural America.

COMMUNITY DIFFERENCES

To complete this brief assessment of urban-rural contrasts, the chief differences among basic categories of communities will be examined. Four basic residential divisions will be used: urban population within urbanized areas (consisting of metropolitan central cities and their urban fringes); urban population outside urbanized areas; rural non-farm; and rural farm. Within the urban group, sub-categories are established according to size of place; while rural divisions are subdivided by location within or outside a metropolitan area.

This classification system is helpful in testing the relationship between community size and personal and family poverty. Using personal income as an indicator of poverty (and recognizing its limitations), Table 16 demonstrates a direct connection between income and community size. A similar finding was established by Duncan and Reiss: [45]

> Of all the differences among communities of different size revealed in this study, perhaps the most striking is the direct relationship between size of place and income. For both males and females there is a regular gradient from the peak income in largest urbanized areas to the lowest income in the "other rural-farm" territory. The gradient is interrupted only by the figure for the "other rural-non-farm population which is higher than that for small villages, but below the median for large villages.

While the income of rural non-farm families in metropolitan areas was actually higher than urban residents outside of urbanized areas, this does not contradict the basic proposition that income is directly related to population size. For all practical purposes, most of the rural non-farm people in Standard Metropolitan Statistical Areas are functionally members of the metropolitan community.

Table 16—Median Income in 1959 of Families and Males With Income, by Type and Size of Community

Type and size of community	Median family income (dollars)	Median income for males with income (dollars)
Urbanized areas:		
3,000,000 or more	6,844	5,079
1,000,000 to 3,000,000	6,680	4,961
250,000 to 1,000,000	6,131	4,513
Under 250,000	5,834	4,284
Urban outside of urbanized areas:		
25,000 or more	5,615	3,967
10,000 to 25,000	5,400	3,851
2,500 to 10,000	5,223	3,780
Rural areas:		
Nonfarm, total	4,750	3,297
Nonfarm in SMSA	5,830	4,225
Farm, total	3,228	2,098
Farm in SMSA	4,543	2,971

Source: U.S. Bureau of the Census. "U.S. Census of Population: 1960. Selected Area Reports. Size of Place." Final Report PC (3)-1B, Table 1.

Analysis of the distribution of families with low incomes by place of residence shows that the proportion of rural non-farm families in metropolitan areas with low incomes was slightly below that of central city families and the presence of a number of well-to-do exurbanites in the former group tends to explain this phenomenon (see Appendix I-H). At the same time, the percentage of metropolitan area farm families with low incomes, while much higher than any other metropolitan category, actually was less than that of rural non-farm families outside of metropolitan areas and significantly below the rural farm proportion. The percentage of low income families in urban places outside of metropolitan areas was much lower than all other non-metropolitan categories, but higher than any of the SMSA groups except the rural farm.

The major reasons for these variations of income by place of residence no doubt lie in the occupational structure of different communities. Urban areas do have larger proportions of skilled technicians, professional workers, and others who receive higher salaries. Yet, the non-SMSA urban figures indicate that general income differences still persist even within occupational categories as between differing urban community types.[46]

Some of the basic differences in the composition of the labor force for these different community types are highlighted in Table 17. The proportion of those in the most productive age bracket (18-64) steadily declines as the rural non-farm and rural farm sectors are approached. The central cities, urban fringe, and rural farm areas share the distinction of having the highest proportions of males 14 years or over in the labor force. A steady progression emerges for females over 14 in the labor force, with rural farm having the lowest proportion. High unemployment rates for men and women tend to cluster in the rural non-farm,

Table 17—Selected Social and Economic Characteristics of the Population of the United States, by Place of Residence, 1960

Subject	Urbanized area		Other urban		Rural nonfarm		Rural farm	
	Central city	Urban fringe	10,000 or more	2,500 to 10,000	Total	Outside SMSA	Total	Outside SMSA
Persons under 18 and over 64 per 1,000, aged 18-64	561	799	808	877	931	---------	945	---------
Percent of males aged 14 and over in labor force	78.3	81.7	76.4	75.4	73.2	71.6	78.0	77.8
Percent of females aged 14 and over in labor force	39.6	34.1	37.4	35.4	28.8	28.5	22.9	22.4
Percent of male civilian labor force unemployed	5.6	3.8	5.3	5.3	6.1	6.6	2.5	2.5
Percent of female civilian labor force unemployed	5.5	4.6	5.8	5.5	6.1	6.3	4.8	4.9
Median years of school completed by persons 25 years old and over	10.7	12.0	10.9	10.6	9.5	9.0	8.8	8.8

Source: U.S. Bureau of the Census. U.S. Census of Population: 1960. General Social and Economic Characteristics, United States Summary. Final Report PC (1) -1C, Tables 100 and 101. Cited in Thomas R. Ford, "Rural Poverty in the United States," prepared for the Task Force on Economic Growth and Opportunity, Chamber of Commerce of the United States, p. 12 (Mimeographed).

non-SMSA urban, and core city categories, while the formal educational rates indicate a steady progression from a rural farm low on through to a suburb high, but then drops for central cities. While presenting a varied picture, these figures underscore certain expected and some unexpected differences in the labor force with regard to:

- rate of unemployment and education—within metropolitan communities;
- productive proportion of the labor force—between big and small urban areas;
- proportion of females employed and median years of school completed—between all urban and rural areas;
- unemployment rates for men and women, educational levels, and proportion of males in the labor force—between rural non-farm and farm.

INTRAMETROPOLITAN DIFFERENCES

The preceding treatment of rural-urban contrasts demonstrated that significant disparities exist between the people and communities in these two broad divisions. In population growth, income levels, educational and health facilities, housing, and the incidence of poverty, the rural sector in every instance was in a more disadvantaged position. Yet disparities involve more than urban-rural differences, as we have suggested in other parts of this chapter and in the Advisory Commission's earlier reports on *Metropolitan Social Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs* (1965) and *Fiscal Balance in the American Federal System* (1967). Within the metropolitan areas of the nation, significant interlocal differences exist and these comprise another dimension of urbanization that merit recapitulation here.

The major findings relating to metropolitan disparities as they emerge from the Commission's study of *Fiscal Balance in the American Federal System* are as follows: [47]

- The central cities, particularly those located in the industrial Northeast and Midwest, are in the throes of a deepening fiscal crisis. On the one hand, they are confronted with the need to satisfy rapidly growing expenditure requirements triggered by the rising number of "high cost" citizens. On the other hand, their tax resources are increasing at a decreasing rate (and in some cases actually declining), a reflection of the exodus of middle and high income families and business firms from the central city to suburbia.
- The concentration of high cost citizens in the central city is dramatically underscored by public welfare statistics. For example, 27 percent of Maryland's population is located in Baltimore, yet 72 percent of Maryland's AFDC expenditures is to be found in that city. In a like fashion, Boston, with 14 percent of Massachusetts' population, accounts for 40 percent of that State's AFDC expenditure.
- A clear disparity in tax burden is evident between central city and outside central city. Higher central city taxes are reinforcing the other factors that are pushing upper income families and business firms out of the central city into suburbia.
- On the educational front, the central cities are falling farther behind their suburban neighbors with each passing year. In 1957 the per pupil expenditures in the 37 large metropolitan areas, surveyed in depth, favored the central city slightly—$312 to $303 for the suburban jurisdictions. By 1965, the suburban jurisdictions had forged ahead, far ahead—$574 to $449 for the central cities. This growing disparity between the central city and suburban school districts takes on a more ominous character in light of the fact that the central city school districts must carry a disproportionately heavy share of the educational burden—the task of educating an increasing number of "high cost" underprivileged children. Urban children then who need education the most are receiving the least.
- To make matters worse, State aid to school districts actually aggravates this situation by favoring the rural and suburban districts.
- On the municipal service and custodial front, the presence of "high cost" citizens, greater population

density, and the need to service the needs of commuters force central cities to spend far more than most of their suburban neighbors for police and fire protection and sanitation services. The 37 largest central cities had a non-educational municipal outlay of $232 per capita in 1965—$100 greater than their suburban counterparts.

While these findings may not be too startling, they clearly reinforce the hunch, held by many, that the public finance-public services outlook for most large central cities is somewhat bleak. Moreover, they tend to demonstrate that core cities and numerous rural jurisdictions have far more in common than first glance would have it. Finally, the root cause of the problems facing both of these widely separated sectors is the same: recent migration, urban growth and technological developments have drained their most productive resources.

SUMMARY OBSERVATIONS

To summarize and highlight this tracing of the American pattern of urbanization, the following findings should be noted:

- In recent years, metropolitan areas experienced the greatest population gains. Yet, using either the SMSA or Rand McNally definitions, central cities enjoyed some growth in the smaller SMSA's but only minor increases or actual declines (especially when annexations are excluded) in medium, large, and giant metropolitan areas.
- Noncentral city areas in metropolitan areas, on the other hand, have had dramatic percentage and absolute increases, especially in the 500,000 plus SMSA categories. The Rand McNally analysis reveals that metropolitan suburbs (incorporated suburbs of 10,000 or more) expanded by 13.9 percent (omitting annexations) compared to a 3.5 percent hike for central cities from 1960–1965; while "metropolitan remainders" experienced the greatest proportionate growth.
- Using Rand McNally figures, urban places of 10,000 or more outside of metropolitan areas of 100,000 or more grew at slower rates than metropolitan suburbs and remainders, but faster than central cities; the remaining nonmetropolitan areas (towns below 10,000 in population, rural villages, and farms) had the lowest percentage increase of any of the Rand McNally categories.
- The relative growth rates of "Urban Areas" of 20,000 or more clearly reveal that the smaller categories (20,000–50,000 and 50,000 to 100,000) fell below the national average for all urban areas between 1960–1965; those for "urban areas" in the medium, large, or giant brackets show a proportionate hike comparable to or greater than the national average, with those in 500,000 to 1,000,000 class having the most rapid relative increase of all.
- In terms of the total urban population increase during the period 1960–1965, the giants in the one million plus category accounted for more than half and those in the 250,000 to 1,000,000 bracket for nearly one-fourth of the total.
- Regionally, with the exception of the one million plus group, urban areas with the highest rate of population growth generally were located in a broad geographic crescent beginning in Virginia, swinging through the old South and Southwest on to the West Coast. Urban areas, again except for the one million and over category, having uniformly below national average percentage hikes formed another interregional arc beginning in Maine; extending through Southern New England, the Middle Atlantic States and Great Lakes; and swinging through the Plains States to terminate in North Dakota.
- Classification of municipalities according to their basic economic characteristics reveals a high proportion of manufacturing and industrial cities in the Northeast and Great Lakes areas; a moderate concentration of manufacturing-oriented communities in the Southeast and in the Los Angeles-San Francisco urban areas; and almost none of these types in the Prairie States, Mountain Region, and Florida.
- In terms of size, cities with significant manufacturing combined with a balanced blend of other economic activities tend to be large; cities with manufacturing primarily, medium sized; and cities serving as local retailing or specialized centers, with little or moderate manufacturing, small.
- Migration has been a major factor in the growth of large metropolitan areas, with nine such areas accounting for four-fifths of all net migration to all metropolitan areas during 1960–1965; in regional terms, migration benefitted such areas in the Northeast and Great Lakes areas least over this period, while 28 such complexes in the South, Southwest, Mountain States, and Far West accounted for 43 percent of all metropolitan gains and more than half of their growth came from net migration gains (accounting for 99 percent of all net migration to metropolitan areas).
- Motivational research suggests that improved economic opportunities are significant in prompting migration, but better education and job skills were common background traits of the migrating unemployed; moreover, while areas of high economic

activity attract in-migration, areas of low-level activity do not necessarily encourage gross out-migration at higher rates than for other areas; blue collar workers, the less well educated, many Negroes, and older people do not move to another location simply because of the chance of economic betterment; several factors, largely noneconomic in nature, sustain movement among these groups; the migration from low-level economic areas usually depletes disproportionately the most productive sector of their work force.

- One special dimension of urbanization involves the heavy increase in the Negro proportion of the population of central cities in SMSA's—a jump from 12 to 20 percent between 1950–1966; the percentages are much higher for central cities in the 250,000 plus metropolitan area bracket.
- Another special dimension of urbanization is the relatively stable level of America's rural population since 1950—yet the farming sector continues to drop, with a particularly sharp loss of 4 million between 1960 and 1966.
- Urban-rural comparisons of population growth, educational and health facilities, housing, and income levels suggest major disparities for every index with rural America consistently in the disadvantaged position.
- A final distinguishing feature of curent urbanization is that within metropolitan areas another set of disparities emerges with central cities confronting much greater public finance-public service problems than suburbs and metropolitan remainders.
- Future projections indicate an urban population increase of approximately 83 percent by the end of the century; the rural population will account for only 15 percent of the 314 million total and nonwhites will increase their share of 15 percent; the lion's share of the population increase will occur in the largest, fastest growing urban areas, with 27 giants adding over 65 million to their population (or more than three-fifths of the total); the regional breakdown suggests that the South and West will experience the greatest gains.

Footnotes

[1] Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the American Federal System* (in process).

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[3] U.S., Department of Commerce, Bureau of the Census, Bureau of Labor Statistics, *Social and Economic Conditions of Negroes in the United States,* Current Population Report, Report No. 332, Series P–23, No. 24 (Washington, D.C.: Government Printing Office, October, 1967).

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[5] Richard L. Forstall, "Economic Classification of Places Over 10,000 1960–63," *The Municipal Year Book, 1967,* International City Managers' Association, pp. 30–65, which is a revision of four classifications previously published by the International City Managers' Association in its *Municipal Year Book:* Grace Kneedler Ohlson, "Economic Classification of Cities," 1945, pp. 30–38, 48, and Table IV; Victor Jones, "Economic Classification of Cities and Metropolitan Areas," 1953, pp. 49–57, 69, and Tables II and IV; Victor Jones and Andrew Collver, "Economic Classification of Cities and Metropolitan Areas," 1960, pp. 67–79, 89–90, and Tables IV and VI; and Victor Jones, Richard L. Forstall, and Andrew Collver, "Economic and Social Characteristics of Urban Places" and "Economic and Social Classification of Metropolitan Areas," 1963, pp. 31–37, 85–113, and Tables I and III.

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[7] *Ibid.,* p. 42.

[8] *Ibid.*

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[16] *Fiscal Balance in the American Federal System, op. cit.*

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[18] Jerome P. Pickard, *Analysis of Past and Future U.S. Population Growth Trends with Emphasis on Urban and Metropolitan Population,* processed (September–October, 1967).

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[22] U.S., Department of Commerce, Bureau of the Census, Bureau of Labor Statistics, *Population Characteristics,* Current Population Report, Series P–20, No. 156 (December 9, 1966).

[23] *Social Security Bulletin,* "Geographic Labor Mobility in the United States: Recent Findings," Vol. 30, No. 3 (March, 1967), p. 15.

[24] *Ibid.,* p. 17.

[25] *Ibid.,* p. 16.

[26] *Ibid.,* p. 18.

[27] *Ibid.*, p. 19.

[28] *Ibid.*

[29] *Social Security Bulletin,* "Negro-White Differences in Geographic Mobility," Vol. XXX, No. 5 (May, 1967), pp. 8-18.

[30] *Rural People in the American Economy, op. cit.*, p. 32.

[31] *Ibid.*, p. 8.

[32] U.S. Office of Education, Department of Health, Education, and Welfare, *Statistics of State Schools, 1963–64,* (Washington, D.C.: Government Printing Office, 1967), Tables 5 and 9.

[33] *Rural People in the American Economy, op. cit.*, p. 21.

[34] *Ibid.*, p. 23.

[35] *Ibid.*

[36] *Ibid.*, pp. 23–24.

[37] *Ibid.*

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[43] *Ibid.*

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[46] Thomas R. Ford, *Rural Poverty in the United States,* Prepared for the Task Force on Economic Growth and Opportunity, Chamber of Commerce of the United States (mimeographed), p. 9.

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Chapter II

Economic Growth: The Regional, State, and Local Experience

INTRODUCTION

AS THE PREVIOUS CHAPTER clearly indicates, the process of urbanization has many dimensions. Indeed, urbanization can be considered to be both a cause and effect of economic growth—the latter being the focal point of attention here. After a discussion of this concept and its measurement, the process of economic growth is assessed at the multi-State region and the State level to determine what has been the recent growth experience and where it has occurred.

From the varying geographic findings concerning economic growth, a selection of States, designed to reflect such differences, is made. Within the selected States, economic growth is evaluated at the municipal level to indicate what factors help explain the varying rates of growth among cities within the particular States. Two such sets of factors are used: the first relates to determinants that are common to all municipalities; the second deals with some general principles and studies of factors relevant to location decisions of business firms. The last major topic of this chapter is an assessment of the influence of population characteristics on both the public and private sectors. More specifically, an effort is made to gauge whether certain measures of population can be isolated as explanatory determinants of why cities (within given States) spend different per capita amounts on various governmental functions. The influence of population concentrations, that is, urbanized areas, on the prices paid by individuals and the business community is also assessed.

ECONOMIC GROWTH: ITS MEANING AND MEASUREMENT

THE CONCEPT OF ECONOMIC GROWTH

Economic growth is most frequently investigated on a nation-wide basis. In this context, it has been defined as "a sustained increase in per capita or per worker product, most often accompanied by an increase in population and usually by sweeping structural changes." [1] Included among these major structural changes are the process of industrialization—the movement of resources away from agriculture, and the process of urbanization—the redistribution of population from the countryside to the city. Economic growth then may be viewed as a multi-dimensional phenomena involving increases in such strategically important variables as production or income, population, industrialization and urbanization, as well as a complex set of factors surrounding the redistribution of existing resources.

The scope of economic growth process is in no way diminished when a unit less than the nation is examined. As a matter of fact, it is just because the process is so comprehensive and far-reaching that any analysis of economic growth at a sub-national level must take into account the same variables and factors conditioning the national phenomenon. Yet there is one important difference. Any study concerned with economic growth at the regional, State, or sub-State level must recognize that this process takes place within a national context. It is the nation, after all, that has greater governmental power, governmental institutions, and financial resources capable of fostering or impeding economic growth at the sub-national level. Moreover, it is the greater size of the nation functioning as a vast common market through a communications-transportation network, that makes sub-national boundaries somewhat artificial. Thus, there is inherently a national dimension to the process of economic growth. Nonetheless, since state and local governments, and regions within the nation are affected by the varying impact of economic growth and—in the case of governments—possess policy-making authority of their own capable of influencing economic growth, they constitute meaningful units of analysis as they relate to the course of economic development.

THE MEASUREMENT OF ECONOMIC GROWTH

To gauge economic growth, any number of indicators reflecting the unique features of modern society would appear valid. Such indices as railroad track mileage, the number of telephones, average life expectancy or the educational levels attained—all provid some insight into the process of economic growth. Yet such measures are specific and their scope is narrow, while the growth process is comprehensive, involving complex inter-relationships among several key variables. Moreover, to use specific measures, or even a broad based index composed of several such indices, requires a knowledge of the relationships of such measures to the actual process. With a combination of measures, questions of appropriate weighting arise. Since economic growth obviously involves change, such measures and their relationships to these changes must also be specified if inter-area comparisons are to be undertaken.

To overcome these difficulties, it is necessary to have a measure that is comprehensive, encompassing many elements of economic activity. The choice of a comprehensive measure or measures of economic growth, however, is not without its own set of problems. Measures of product or income involve questions of inclusion and exclusion as well as of the prices at which the included goods and services are to be valued. Despite these and other such problems, income and population are two measures that are widely accepted as indicators of economic growth and will be used here.

Yet, it is still necessary to distinguish between increases in aggregates, such as total income, and increases in per capita terms, such as income per capita. Both, of course, are relevant for a study of economic growth, but their focus is somewhat distinct. The former measure represents what has been called the volume effects of economic growth, the "more and bigger" side of the story. The latter, on the other hand, is a proxy measure for the "welfare" or "better" aspect of economic growth.[2] Nonetheless, income per capita should not be equated with welfare as such, since the latter is a subjective concept about which there is little agreement. Indeed, income estimates exclude all welfare considerations of non-economic institutions and even within the economic sphere ignore such concerns as working conditions, economic freedom, income distribution, etc., all of which relate to the concept of welfare or standard of living. Income then is not a comprehensive measure of consumer well-being. It measures the output of the economy in terms of its goods and services and thus involves only a segment of economic welfare.

Moreover, when the aggregate or per capita income dimensions of economic growth are analyzed, it is necessary to consider the absolute rate of increase as well as the relative rate of change. When treated separately, neither calculation will reveal the full picture of economic growth, since the former tends to favor larger units while the latter over-emphasizes the smaller. Given these various limitations, economic growth will be examined in terms of six measures:

- percentage increase in per capita income,
- absolute increase in per capita income,
- percentage increase in population,
- absolute increase in population,
- percentage increase in total income, and
- absolute increase in total income.

These indicators are applied to two levels of government, the multi-State region and the State, the sole concern being to determine what took place throughout the country and where. On the basis of these results, a selection of certain States is made to examine the differing growth experiences, for both the regions and the States. Within these States, economic growth will be evaluated at the municipal level to determine those factors that appear related to economic advance at the sub-state level and to governmental policies that have been, or may be, brought to bear.

ECONOMIC GROWTH, 1950–1966

For the nation, the period from 1950 to 1966 generally was one of expansive economic growth. To be sure, variations in the rate of increase (or decline) can be traced for each of the measures herein analyzed and more than one cyclical expansion and recession also occurred. Yet the theme of expansion is dominant: population increased from 151 million to 196 million, a 29 percent hike; total personal income (in current dollars) grew from $227 billion to $581 billion, or by 155 percent; per capita personal income (in current dollars) advanced from $1,496 to $2,963, or a 98 percent increase. Moving from the national to the sub-national levels, two other clear-cut trends stand out: (1) there was a considerable divergence among the sub-national governmental levels in their rates of advance, whether absolute or relative; and (2) there was a general tendency, at least for certain measures, toward a reduction of inequalities among the various sub-national levels.

THE TIME PERIOD

In selecting a time period for study, two major considerations prompted the choice of the period 1950–1966. For the purpose of this analysis, recent experience is most relevant and, equally important, a period long enough to reveal the trend rather than cyclical change is necessary. If the time period were extended to include earlier years, World War II and the dislocations it produced would have to be reckoned with, while going even further back into the 1930's would involve the Great Depression. Since historical comparability is not essential to this analysis, it is proper to begin with 1950.

Other years, of course, could have been chosen as the base point. Despite the beginning of the Korean War and its essentially "random" disturbance, 1950 was selected because of the greater availability of data. Moreover, the relatively high 1950 unemployment rate of 5.3 percent indicates the economic impact of the Korean War was not immediately felt. Indeed, since the unemployment rate for 1966 was down to 3.9 percent, some of the economic growth that transpired represents more favorable cyclical developments. Nonetheless, the unemployment rates for the two years are sufficiently comparable to draw meaningful conclusions for the period as a whole. Modifications of this time span would yield, of course, different results in terms of the numerical growth recorded. It is reasonably safe to assume, however, that no strikingly different results than reached here would emerge in the recorded growth profile among various governmental levels and this comparative aspect is the essential concern.

THE REGIONS DEFINED

Since the multi-State regional dimension of economic growth is to be assessed, the composition of the regional groupings should be clarified at the outset. The term "region" as used here parallels that employed by Harvey Perloff and others in the Resources for the Future study of *Regions, Resources, and Economic Growth,* but differs from both the Census definition and the Census concept of geographic division. Other groupings of States might have been relied upon, but the purpose of this study is adequately served by those listed below. Moreover, it is not clear that any other regional classification would alter the major conclusions or serve the study's purpose more satisfactorily. It should be noted that the District of Columbia is regarded as a State and is included in the Mideast region, while Alaska and Hawaii are treated as if they were States in 1950 and placed in the Far Western region. The regions are:

New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.

Mideast: New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia.

Great Lakes: Michigan, Ohio, Indiana, Illinois, Wisconsin.

Southeast: Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Arkansas.

Plains: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas.

Southwest: Oklahoma, Texas, New Mexico, Arizona.

Rocky Mountain: Montana, Idaho, Wyoming, Colorado, Utah.

Far West: Washington, Oregon, Nevada, California, Alaska, Hawaii.

PER CAPITA INCOME GROWTH, 1950–1966

Perhaps the most frequently used measure of economic growth—certainly at the national level—is income per capita. This indicator reflects increases in both total income and population growth, each of which is discussed later. Nonetheless, per capita income is more than a summary measure of these two factors, since a rise in per capita income can result from diverse movements in both total income and population. In terms of United States experience, however, per capita income grew because total income outstripped population increase. This was true, to differing degrees, for every region and each State, except West Virginia. In the latter, an actual population decline coupled with a modest increase in total income produced a rise in the per capita figure.

For the nation as a whole, per capita income increased from $1,496 in 1950 to $2,963 in 1966 (current dollars). This 98 percent increase more than offset the advance in prices, which rose 35 percent over this period. For each of the geographic regions and each of the States, the rate of increase in per capita money income was in excess of the rise in prices and, with but four exceptions (Alaska, Montana, Wyoming, and Delaware), the rates of increase were at least double the rate of advance in prices. Over this period, then, there was a pervasive rise in real per capita income.

While increases in per capita income have occurred throughout the country, the rates of advance have differed considerably from region to region and from State to State (see Table 18). The regions with the fastest growing rates have been the Southeast (124 percent), New England (102 percent), and the Plains States (99 percent). In each, the rates of growth exceeded the national average. Taken together, these three regions contained no less than 19 of the 25 States recording above average rates of increase, including all of the 12 Southeastern States. The remaining regions all scored below the national rate of increase and contained 20 of the 26 States falling in this category.

Although the Eastern orientation of regional growth in per capita income is retained when absolute rather than relative rates of increase are considered, the ordering of regions and States reveals certain differences. The most dramatic regional contrast is provided by the Southeastern States, which had the greatest percentage advance yet ranked sixth

Table 18—State Per Capita Income Growth, 1950–1966

State and region	1950	1966	Percent increase	Absolute increase	1950 State / 1950 National (Percent)	1966 State / 1966 National (Percent)
United States	$1, 496	$2, 963	98	$1, 467		
New England	1, 601	3, 239	102	1, 638	107	109
Maine	1, 185	2, 477	109	1, 292	79	84
New Hampshire	1, 323	2, 808	112	1, 485	88	95
Vermont	1, 121	2, 595	131	1, 474	75	88
Massachusetts	1, 633	3, 271	100	1, 638	109	110
Rhode Island	1, 606	3, 047	90	1, 441	107	103
Connecticut	1, 875	3, 690	97	1, 815	125	125
Mideast	1, 756	3, 325	89	1, 569	117	112
New York	1, 873	3, 497	87	1, 624	125	118
New Jersey	1, 834	3, 445	88	1, 611	123	116
Pennsylvania	1, 541	2, 968	93	1, 427	103	100
Delaware	2, 131	3, 529	66	1, 398	142	119
Maryland	1, 602	3, 204	100	1, 602	107	108
District of Columbia	2, 221	3, 948	78	1, 727	148	133
Great Lakes	1, 666	3, 229	94	1, 563	111	109
Michigan	1, 700	3, 269	92	1, 569	114	110
Ohio	1, 620	3, 056	89	1, 436	108	103
Indiana	1, 512	3, 076	103	1, 564	101	104
Illinois	1, 825	3, 532	94	1, 707	122	119
Wisconsin	1, 477	2, 973	101	1, 946	99	100
Plains	1, 428	2, 847	99	1, 419	95	96
Minnesota	1, 410	2, 904	106	1, 494	94	98
Iowa	1, 485	2, 992	101	1, 507	99	101
Missouri	1, 431	2, 817	97	1, 386	96	95
North Dakota	1, 263	2, 384	89	1, 121	84	80
South Dakota	1, 243	2, 420	95	1, 177	83	82
Nebraska	1, 491	2, 905	95	1, 414	10	98
Kansas	1, 443	2, 862	98	1, 419	96	97
Southeast	1, 022	2, 287	124	1, 265	68	77
Virginia	1, 228	2, 605	112	1, 377	82	88
West Virginia	1, 065	2, 176	104	1, 111	71	73
Kentucky	981	2, 246	129	1, 265	66	76
Tennessee	994	2, 227	124	1, 233	66	75
North Carolina	1, 037	2, 277	120	1, 240	69	77
South Carolina	893	2, 052	130	1, 159	60	69
Georgia	1, 034	2, 379	130	1, 345	69	80
Florida	1, 281	2, 614	104	1, 333	86	88
Alabama	880	2, 066	135	1, 186	59	70
Mississippi	755	1, 777	135	1, 022	50	60
Louisiana	1, 120	2, 277	103	1, 157	75	77
Arkansas	825	2, 010	144	1, 185	55	68
Southwest	1, 297	2, 520	94	1, 223	87	85
Oklahoma	1, 143	2, 462	115	1, 319	76	83
Texas	1, 349	2, 542	88	1, 193	90	86
New Mexico	1, 177	2, 385	103	1, 208	79	80
Arizona	1, 331	2, 544	91	1, 213	89	86
Rocky Mountain	1, 457	2, 697	85	1, 240	97	91
Montana	1, 622	2, 623	62	1, 001	108	89
Idaho	1, 295	2, 445	89	1, 150	87	83
Wyoming	1, 669	2, 739	64	1, 070	112	92
Colorado	1, 487	2, 916	96	1, 429	99	98
Utah	1, 309	2, 485	90	1, 176	88	84
Far West	1, 807	3, 375	87	1, 568	121	114
Washington	1, 674	3, 222	92	1, 548	112	109
Oregon	1, 620	2, 908	80	1, 288	108	98
Nevada	2, 019	3, 497	73	1, 478	135	118
California	1, 852	3, 457	87	1, 605	124	117
Alaska	2, 385	3, 421	43	1, 036	159	115
Hawaii	1, 387	3, 124	125	1, 737	93	105

Source: U.S. Department of Commerce, Bureau of the Census, "Survey of Current Business," August 1967.

among the eight regions in its absolute rate of per capita income growth. On the other hand, the Mideastern and Far Western States experienced low percentage increases but ranked second and third, respectively, in terms of absolute advances.

This tendency for low per capita income regions and States to have higher percentage rates of growth has led to a narrowing of income differentials among these areas. At one extreme, the Far Western States stood at the top of the income listing both in 1950 and 1966, but registered a decline in their regional/national income ratio, from 1.21 to 1.14. The Southeastern States, on the other hand, which had the lowest per capita income level in 1950 and 1966, increased their ratio from .68 to .77. A similar inter-jurisdictional narrowing occurred at the State level. The highest income per capita State in 1950 (Alaska), was 1.59 times the national figure; by 1966 the highest per capita income State (District of Columbia) had a 1.33 ratio; yet, Mississippi, which was the lowest per capita income State in both years, had increased its ratio from .50 to .60 of the national figure. At both the regional and State levels then, there was a convergence in per capita income levels with the top areas declining and the bottom advancing. This two way convergence reduced the inter-regional difference from .53 to .37 and the inter-State divergence from 1.09 to .73.

Despite this process of convergence, little change occurred in the regional and State per capita income positions. While the low income States and regions generally had higher rates of growth, these percentage increases were not sufficient to cause any large-scale reordering of relative positions. New England moved into the third position, changing places with the Great Lakes States and the Plains States moved up to the fifth rank displacing the Rocky Mountain States.

At the State level, more dramatic examples are provided. Wyoming experienced a 16 place decline and Montana a 15 place decline, but there was a 14 place advance for Hawaii. Despite these and other shifts, there was a general stability in relative per capita income positions among the States. Witness the fact that the rank-order correlation between 1950 and 1966 per capita income levels by States produced a correlation coefficient of +.943. This indicates that those States which had high per capita income levels in 1950 generally enjoyed a comparable status in 1966.

POPULATION GROWTH AND REDISTRIBUTION, 1950–1966

Turning to the second criteria of economic development, general population growth during the period 1950–1966 revealed a continuation of trends extending back into our historical and economic past. The fastest growing regions for the years surveyed were in the West where population gains exceeded the national average and whose shares of total population increased. This westward movement, while a dominant characteristic of overall population growth and redistribution, nonetheless conceals the continued, and substantial, growth in absolute numbers that has marked the eastern and midwestern sectors of the country. The picture of population growth that emerges then is one of continued, though differential, rates of advance.

Of the several geographic regions, the Southwest, Rocky Mountain, and Far West exceeded the 29 percent national rate of increase. While these regions grew at the rates of 39, 34, and 65 percent respectively, they were not necessarily those where the absolute increase in population was greatest. With the exception of the Far West, where the absolute growth and percentage increase were largest, the absolute gains in population were frequently, though not uniformly, greater in the eastern sectors (see Table 19). Ranking immediately behind the Far West in terms of absolute population growth, for example were the Southeast, the Great Lakes, and the Mideast regions. Thus, while there has been a continued spreading out and filling in of population, with the three western sectors increasing their share from 19.9 percent to 23.4 percent between 1950 and 1966, the eastern part of the country continued to retain the overwhelming portion of the nation's population (see Table 20).

Table 19—Absolute and Relative Rates of Regional Population Growth, 1950–1966 [1]

Regions	Absolute increase (in thousands)	Relative increase (percent)
United States	44, 610	29
New England	1, 929	21
Mideast	8, 009	24
Great Lakes	8, 336	27
Plains	1, 870	13
Southeast	8, 851	26
Southwest	4, 454	39
Rocky Mountains	1, 195	34
Far West	9, 965	65

[1] As of July 1, 1966.

Sources: "1950 Census of Population," Volume 1, Table 6; "Current Population Reports," Series P–25, No. 380.

Table 20—Regional Distribution of Population, 1950–1966 [1]

Region	Population (thousands)		Percent of total	
	1950	1966	1950	1966
United States	151, 326	195, 936	100. 0	100. 0
New England	9, 315	11, 244	6. 2	5. 7
Mideast	33, 626	41, 635	22. 2	21. 2
Great Lakes	30, 400	38, 736	20. 1	19. 8
Plains	14, 062	15, 932	9. 3	8. 1
Southeast	33, 792	42, 643	22. 3	21. 8
Southwest	11, 375	15, 829	7. 5	8. 1
Rocky Mountains	3, 485	4, 680	2. 3	2. 4
Far West	15, 275	25, 238	10. 1	12. 9

[1] As of July 1, 1966.

Sources: "1950 Census of Population," Volume 1, Table 6; "Current Population Reports," Series P–25, No. 380.

At the State level, the picture is more complex. This, of course, stems from the fact that the growth of population within geographic regions proceeded at differential rates. Some regional and State findings reveal a few major discrepancies (see Table 21). The Plains region, for example, scored the lowest rate of population growth among all regions and each of its States grew at rates lower than the national average. In New England, only Connecticut stood out in contrast to the sub-national rates of increase scored by the other five States in the region, where overall population growth was the second lowest.

Within certain other regions instances of sharply divergent population growth rates among the States were more common (see Table 22). While Maryland, New Jersey, and Delaware all scored rates of increase exceeding the national average, the Mideast region as a whole did not. Even more striking were Nevada and California in the Far West, which grew at rates of 169 and 78 percent, respectively, while Washington grew only by 28 percent. The diversity within the Southeastern region is underscored by a growth rate of 113 percent for Florida and a relative decline of 10 percent in West Virginia.

Table 21—Regional Distribution of Population Growth Compared to National Percentage Increase, 1950–1966 [1]

Regions	Number of States	Number of States above national average	Number of States below national average
New England	6	1	5
Mideast	6	3	3
Great Lakes	5	2	3
Plains	7	0	7
Southeast	12	3	9
Southwest	4	3	1
Rocky Mountains	5	2	3
Far West	6	5	1

[1] As of July 1, 1966.

Sources: '1950 Census of Population," Volume 1, Table 6; "Current Population Reports," Series P–25, No. 380.

Just as the Western States generally dominate relative population growth, it was the older, more densely populated States of the East that emerge as the major areas of absolute population increase. Of the States with greater than median population increases, 20 are found in the eastern sector of the country and only 6 in the West (see Table 23).

Both the absolute and relative rates of population growth can be brought together and summarized by means of a shift and share analysis. This procedure permits a comparison of the actual regional or State growth (for any particular variable) with that which could have been anticipated had there been a uniform application of the national rate to each of the regions or States. Since the actual population growth that took place occurred at differential rates among the regions or States, each will diverge from the results under the uniformity assumption.

For those States or regions where the actual population growth exceeded the national average, the difference between actual growth rates and those resulting when the national average is applied will be positive. In States or regions where the actual population growth was less than the national average, the difference between the two will be negative. By totaling the positive and then the negative values, it is possible

Table 22—Population Growth

State and region	Thousands			Percent increase
	1950 population	1966 population[1]	Absolute increase	
United States	151, 326	195, 936	44, 610	29
New England	9, 315	11, 244	1, 929	21
Maine	914	978	64	7
New Hampshire	533	676	143	27
Vermont	378	411	33	9
Massachusetts	4, 691	5, 403	712	15
Rhode Island	792	898	106	13
Connecticut	2, 007	2, 878	871	43
Mideast	33, 626	41, 635	8, 009	24
New York	14, 830	18, 205	3, 375	23
New Jersey	4, 835	6, 899	2, 064	43
Pennsylvania	10, 498	11, 601	1, 103	11
Delaware	318	513	195	61
Maryland	2, 343	3, 611	1, 268	54
District of Columbia	802	806	4	0. 5
Great Lakes	30, 400	38, 736	8, 336	27
Michigan	6, 372	8, 468	2, 096	33
Ohio	7, 947	10, 364	2, 417	30
Indiana	3, 934	4, 951	1, 017	26
Illinois	8, 712	10, 786	2, 074	24
Wisconsin	3, 435	4, 167	732	21
Plains	14, 062	15, 932	1, 870	13
Minnesota	2, 982	3, 572	590	20
Iowa	2, 621	2, 760	139	5
Missouri	3, 955	4, 564	609	15
North Dakota	620	643	23	4
South Dakota	653	679	26	4
Nebraska	1, 326	1, 439	113	9
Kansas	1, 905	2, 275	370	19
Southeast	33, 792	42, 643	8, 851	26
Virginia	3, 319	4, 465	1, 146	35
West Virginia	2, 006	1, 809	−197	−10
Kentucky	2, 945	3, 181	236	8
Tennessee	3, 292	3, 866	574	17
North Carolina	4, 062	4, 974	912	22
South Carolina	2, 117	2, 589	472	22
Georgia	3, 445	4, 445	1, 000	29
Florida	2, 771	5, 893	3, 122	113
Alabama	3, 062	3, 511	449	15
Mississippi	2, 179	2, 337	158	7
Louisiana	2, 684	3, 617	933	35
Arkansas	1, 910	1, 956	46	2
Southwest	11, 375	15, 829	4, 454	39
Oklahoma	2, 233	2, 477	244	11
Texas	7, 711	10, 747	3, 036	39
New Mexico	681	1, 002	321	47
Arizona	750	1, 603	853	114
Rocky Mountain	3, 485	4, 680	1, 195	34
Montana	591	702	111	19
Idaho	589	697	108	18
Wyoming	291	319	28	10
Colorado	1, 325	1, 955	630	48
Utah	689	1, 007	318	46
Far West	15, 275	25, 238	9, 965	65
Washington	2, 379	3, 040	661	28
Oregon	1, 521	1, 973	452	30
Nevada	160	431	271	169
California	10, 586	18, 802	8, 216	78
Alaska	129	265	136	105
Hawaii	500	727	227	45

[1] As of July, 1966.

Source: "1950 Census of Population," Volume 1, Table 6; "Current Population Reports," Series P–25, No. 380.

Table 23—Regional Distribution of Population Growth Compared to Median Population Increases, 1950–1966[1]

Region	Number of States	Number of States above median[2]	Number of States below median
New England	6	2	4
Mideast	6	4	2
Great Lakes	5	5	0
Plains	7	2	5
Southeast	12	7	5
Southwest	4	2	2
Rocky Mountains	5	1	4
Far West	6	3	3

[1] As of July 1, 1966.
[2] Median growth of population = 451,000.

Sources: "1950 Census of Population," Volume 1, Table 6; "Current Population Reports," Series P–25, No. 380.

to determine that portion of the total positive or negative divergencies which is attributable to particular regions or States. This procedure then permits summarization of both the absolute and relative rates of population advance and identification of these States and regions demonstrating the greatest net shifts (positive as well as negative) in terms of population growth.

The predominant region of population growth revealed by this shift-share analysis is the Far West, accounting for no less than 81.1 percent of the total net upward shift (see Table 24). Far less, though still significant, was the Southwest region, which accounted for 16.4 percent of the total upward shift, while the Rocky Mountain States share was but 2.5 percent. The major areas accounting for the net downward shift in population were the Plains (33.8 percent) and the Mideast (28.3 percent); the Southeast, New England, and Great Lakes regions had declines of 16.5 percent, 12.1 percent, and 9.3 percent respectively.

Table 24—Regional Population Shifts, 1950–1966

Region	Percent net upward shift	Region	Percent net downward shift
Far West	+81. 1	Plains	−33. 8
Southwest	+16. 4	Mideast	−28. 3
Rocky Mountains	+2. 5	Southeast	−16. 5
		New England	−12. 1
		Great Lakes	−9. 3

At the State level, the overwhelming influence of California is clearly reflected; the population growth of this State accounted for a full 42.9 percent of the net upward shift (see Table 25). A distant second—but still major growth State—was Florida, with 19.4 percent. Less impressive but relatively large population growth was also recorded by Texas (6.4 percent), New Jersey (5.4 percent), Arizona (5.3 percent), and Maryland (4.9 percent). The net downward shift in population was attributable mainly to Pennsylvania (16.8 percent), New York (8.4 percent), West Virginia (6.6 percent), and other States principally in the Southeastern and Plains areas.

Table 25—States With Major Population Shifts, 1950–1966

State	Percent net upward shift	State	Percent net downward shift
California	+42. 9	Pennsylvania	−16. 8
Florida	+19. 4	New York	−8. 4
Texas	+6. 4	West Virginia	−6. 6
New Jersey	+5. 4	Massachusetts	−5. 7
Arizona	+5. 3	Kentucky	−5. 3
Maryland	+4. 9	Iowa	−5. 3
		Missouri	−4. 7
		Arkansas	−4. 4
		Illinois	−4. 2
		Mississippi	−4. 1
		Alabama	−3. 8
		Oklahoma	−3. 5
		Tennessee	−3. 3

TOTAL PERSONAL INCOME GROWTH, 1950–1966

Between 1950 and 1966, total personal income in the United States rose from $227 billion to $581 billion (both in current dollars), an increase of 155 percent. As might be expected, this growth proceeded at different rates both among geographic regions and States. Of greater significance, however, is the fact that this comprehensive measure of economic activity reveals certain differences with regard to the major geographic growth areas that were not revealed in the analysis of population growth and redistribution.

Using the shift-share analysis with regard to total personal income, the predominant importance of the Far Western States, accounting for 56.9 percent of the net upward shift, clearly emerges (see Table 26). The Southeastern region scored the second most substantial increase, 35.5 percent, while the Southwestern States accounted for some 7.6 percent of the net upward shift. These relative gains occurred mainly at the expense of the Mideastern region, which accounted for fully half of the net downward shift. Other regions experiencing major downward shifts in total personal income were the Plains (23.6 percent), Great Lakes (18.7 percent) and New England (6.5 percent).

Table 26—Regional Shifts in Total Personal Income, 1950–1966

Region	Percent net upward shift	Region	Percent net downward shift
Far West	+56.9	Mideast	−49.7
Southeast	+35.5	Plains	−23.6
Southwest	+7.6	Great Lakes	−18.7
		New England	−6.5
		Rocky Mountain	−1.5

A comparison of Tables 24 and 26 reveals both similarities and differences among regions with respect to population growth and the rise in total personal income. The unparalleled position of the Far Western States again is clearly underscored as is the more modest advance made by the Southwestern States. The major losses in terms of these two measures of economic growth were recorded by the Plains and Mideastern States, though the ordering of these two regions differs for population and total personal income. The Great Lakes and New England States were also on the negative side of the two measures. By far the most important difference to emerge is for the Southeastern States, which accounted for 16.4 percent of the net downward shift in population but some 35.5 percent of the net upward shift of total personal income. The Rocky Mountain States also appear on different sides of the ledger for the two measures, but the figures are far more modest—with 2.5 prcent of the net upward shift of population and 1.5 percent of the net downward shift in total personal income.

Turning to the State level, California and Florida—as was the case with population growth—completely dominate the advance in total personal income, accounting for 42.7 percent and 18.3 percent respectively of the net upward shift (see Table 27). Other States scoring more modest but respectable gains under both measures of economic growth were Maryland and Arizona. States like New Jersey and Texas that ranked high in population growth do not appear on the total personal income list, since both scored only minor gains in the latter measure. Georgia and Virginia appear in their place; both scored substantial advances in total personal income, but experienced more modest population shifts.

Table 27—States With Major Shifts in Total Personal Income, 1950–1966

State	Percent net upward shift	State	Percent net downward shift
California	+42.67	New York	−21.95
Florida	+18.31	Pennsylvania	−20.39
Maryland	+5.70	Illinios	−7.81
Arizona	+4.44	Massachusetts	−5.53
Georgia	+4.27	Iowa	−5.00
Virginia	+3.36	Missouri	−4.81
		West Virginia	−4.48
		District of Columbia	−4.10
		Ohio	−4.01

The major declines in total personal income were registered by New York and Pennsylvania, accounting for 22.0 percent and 20.4 percent respectively of the net downward shift. This parallels their decline in terms of population shifts. Other States to appear on the negative side regarding the two measures were Illinois, Massachusetts, Iowa, Missouri, and West Virginia. Their rank order with respect to each measure is not the same, however. Both the District of Columbia and Ohio were important components of the net downward shift in total personal income, but less so regarding population; States such as Kentucky, Arkansas, Mississippi, Alabama, Oklahoma, and Tennessee—all of which were on the negative side regarding population—scored either minor advances or declines concerning total personal income.

A SUMMARY OF REGIONAL AND STATE ECONOMIC GROWTH MEASURES

To this point, three indicators—per capita personal income, population, and total personal income—have been presented as measures of economic growth among the various geographic regions and States. Each of these three measures has been calculated in terms of relative as well as absolute change. Since six measures have been used in effect, it is not surprising that each yields different results concerning the "what and where" aspects of economic growth.

The six measures are brought together in Tables 28 and 29 in order to present a summary picture for each

Table 28—Regional Summary of Economic Growth Measures, 1950–1966

Region	Number of measures regional growth exceeds national average or median	Individual measures					
		Relative per capita income growth	Absolute per capita income growth	Relative population growth	Absolute population growth	Relative total income growth	Absolute total income growth
New England	2	+	+	−	−	−	−
Mideast	3	−	+	−	+	−	+
Great Lakes	3	−	+	−	+	−	+
Plains	1	+	−	−	−	−	−
Southeast	4	+	−	−	+	+	+
Southwest	2	−	−	+	−	+	−
Rocky Mountains	1	−	−	+	−	−	−
Far West	5	−	+	+	+	+	+

region and State. The pattern for each region and State is compared to the national average or, in the case of absolute growth of population and total personal income, to the U.S. median. Implicit in this summary procedure is the assumption that each of the six growth measures has equal weight. This, of course, is an over-simplification, but one made necessary by the fact that the appropriate weights for each indicator have not been established. Notwithstanding this limitation, it is sufficiently clear that regions and States differed considerably with regard to these measures.

At the regional level, the strongest performance was registered by the Far Western States which surpassed the national increases (or medians) in all measures, save for the percentage increase in per capita income. The Southeastern States registered the second strongest overall performance, with only the advances in absolute per capita income and relative population growth falling below national levels. Both the Mideastern and the Great Lakes regions revealed above-national growth for all the absolute measures but below-national rates for all the relative indicators, further highlighting the differences between these two growth measures. Compared to these four regions, the remaining geographic sectors had relatively weak economic growth. The New England and Southwestern States experienced above-average growth in only two of the six measures, while the Plains and Rocky Mountain regions produced only one instance of surpassing a national average. At the State level, the diversity in economic growth performance was even greater (see Table 29). Only Maryland scored above-average increases in each of the six measures, while no less than seven States failed to register any instance of above-national economic growth.

To provide a framework for selecting States that represent this varying growth, all were classified according to the number of measures whereby their performance exceeded the national average or median and by geographic region (see Table 30). Seven States exceeded the national figure for at least five indicators, thereby indicating a relatively strong growth record. Of these, three were in the Southeastern region. A more nearly average growth record was represented by one of the Great Lakes States since all five of these States exceeded the national rate in three or four measures. Relatively weak economic growth, indicated by two or less measures exceeding the national average, was registered by several States, five of which were in the Plains region.

In selecting States that will be subsequently analyzed in depth, preference was given to those that reflect not only the varying growth performance and regional patterns but which in 1950 contained a sufficient number of municipalities, since this is the intrastate unit that is examined below. On these grounds, Florida, Louisiana, and Virginia were selected to represent strong economic growth, Ohio as average, and Kansas as relatively weak economic growth over the period 1950–1966.

THE MECHANISM OF COMMUNITY ECONOMIC GROWTH

INTRODUCTION

The ability of a community to grow depends upon its success in attracting additional spending within its confines—whether this be personal consumption, business investment, or government outlays. Every such dollar of additional spending constitutes an addition to the community income and, depending upon the portion of the additional income that is spent within the community, the ultimate increase in income will be some multiple of the initial increase in spending. This "multiplier" then means that for every added dollar of spending in a particular community, the income of the area will eventually increase by an amount greater than the initial dollar of new spending.

Various communities will differ, however, in the extent to which their incomes will grow as a result of an additional infusion of spending. This means that the "multiples" will differ depending upon the portion of the additional spending that is retained within the community boundaries. For a large, industrially diversified and relatively self-contained community, the multiplier is likely to be larger than for a small area, since more of the additional spending is likely to be retained within the larger community's borders.

Table 29—State Summary of Economic Growth Measures, 1950–1966

State	Relative Population growth	Relative total income growth	Relative income per capita growth	Absolute population growth	Absolute total income growth	Absolute income per capita growth	Pluses
United States	29	155	98	451	4,154	1,467	
Alabama	−	+	+	−	+	−	3
Alaska	+	+	−	−	−	−	2
Arizona	+	+	−	+	−	−	3
Arkansas	−	−	+	−	−	−	1
California	+	+	−	+	+	+	5
Colorado	+	+	−	+	−	−	3
Connecticut	+	+	−	+	+	+	5
Delaware	+	+	−	−	−	−	2
District of Columbia	−	−	−	−	−	+	1
Florida	+	+	+	+	+	−	5
Georgia	−	+	+	+	+	−	4
Hawaii	+	+	+	−	−	+	4
Idaho	−	−	−	−	−	−	0
Illinois	−	−	−	+	+	+	3
Indiana	−	−	+	+	+	+	4
Iowa	−	−	+	−	+	+	3
Kansas	−	−	+	−	−	−	1
Kentucky	−	−	+	−	+	−	2
Louisiana	+	+	+	+	+	−	5
Maine	−	−	+	−	−	−	1
Maryland	+	+	+	+	+	+	6
Massachusetts	−	−	+	+	+	+	4
Michigan	+	−	−	+	+	+	4
Minnesota	−	−	+	+	+	+	4
Mississippi	−	−	+	−	−	−	1
Missouri	−	−	−	+	+	−	2
Montana	−	−	−	−	−	−	0
Nebraska	−	−	−	−	−	−	0
Nevada	+	+	−	−	−	+	3
New Hampshire	−	+	+	−	−	+	3
New Jersey	+	+	−	+	+	+	5
New Mexico	+	+	+	−	−	−	3
New York	−	−	−	+	+	+	3
North Carolina	−	+	+	+	+	−	4
North Dakota	−	−	−	−	−	−	0
Ohio	+	−	−	+	+	−	3
Oklahoma	−	−	+	−	−	−	1
Oregon	+	−	−	+	−	−	2
Pennsylvania	−	−	−	+	+	−	2
Rhode Island	−	−	−	−	−	−	0
South Carolina	−	+	+	−	−	−	2
South Dakota	−	−	−	−	−	−	0
Tennessee	−	+	+	+	+	−	4
Texas	+	+	−	+	+	−	4
Utah	+	+	−	−	−	−	2
Vermont	−	−	+	−	−	+	2
Virginia	+	+	+	+	+	−	5
Washington	−	−	−	+	+	+	3
West Virginia	−	−	+	−	−	−	1
Wisconsin	−	−	+	+	+	+	4
Wyoming	−	−	−	−	−	−	0

Table 30—Distribution of States by Above-National Growth Characteristics, 1950–1966

Number of measures[1] where State growth exceeds national	Number of States	Geographic regions of States							
		Northeast	Mideast	Great Lakes	Plains	Southeast	Southwest	Rocky Mountain	Far West
6	1		1						
5	6	1	1			3			1
4	10	1		3	1	3	1		1
3	11	1	1	2	1	1	2	1	2
2	9	1	2		1	2		1	2
1	7	1	1		1	3	1		
0	7	1			3			3	

[1] The measures are:
(1) absolute increase in per capita income;
(2) absolute increase in total income;
(3) absolute increase in population;
(4) relative increase in per capita income;
(5) relative increase in total income;
(6) relative increase in population.

Although the income multiple can be generated by any addition to spending, business investment decisions as well as governmental outlays constitute potentially, if not actually, the two most dynamic sources of new spending. Location theory provides a general basis for the process through which business decides to invest in the expansion of existing plant and equipment or to establish a new branch.

Government spending—whether Federal, State, or local—can also affect the growth of community income. To cite just one example, Federal military expenditures, because of their size and uneven geographic impact, are in some areas important determinants of regional growth. One way of gauging this differential impact of Federal military expenditures is to determine the degree of defense dependency—

that is, the proportion of the civilian labor force engaged in defense-generated employment. For the nation as a whole, a recently published survey found that the average defense dependency was 3 percent as of June 1966.[3] Twenty-two States as well as the District of Columbia, however, either equalled or exceeded this figure. At the top of the list, Alaska had 9.7 percent of its work force engaged in defense-generated employment while Idaho had the least, only 0.3 percent.

Another dimension of military expenditures involves labor market areas having at least 500 defense-generated workers or a defense dependency ratio of greater than 5 percent. Of the 292 such communities, the defense dependency ratio varied from over 15 percent to below 3 percent. Areas with the highest dependency ratios tended to have a small labor force while the lower ratios were generally found in larger areas. In addition, this study reveals that 41.6 percent of the defense-generated employment was located in 108 areas having a dependency ratio of 6 percent or more—twice the United States average.

Clearly, the geographic distribution of defense spending and of new plant locations by private business, with their resulting income multipliers, can be factors of considerable import in determining the future course of income growth for the localities so favored.

MUNICIPAL ECONOMIC GROWTH

One of the initial questions in analyzing economic growth at the sub-national level is the choice of the basic unit to be studied. This problem, in turn, involves the functional interrelationships and interdependencies that exist—and change—among the various sub-national units. According to one study:

> A growth center is identified by its spatial and functional positions as well as by its rate of growth in population, employment, and income. Thus, the criteria identifying a growth center include its hierarchial position among several urban places (each of different size or performing different urban functions) and its relation to the transportation and communication networks.[4]

For the purpose of this portion of the study, the municipality was chosen as the unit for analysis. While several highly specialized areas may meaningfully be considered as constituting a single functional economic "region," it is nonetheless true that a national policy regarding urban growth and new community development can meaningfully draw upon the recent growth experience of existing cities. New urban areas seem more likely to take on certain aspects of existing cities, rather than a restructuring of existing geographic units. Thus, the municipality and a study of those characteristics that help explain the differing growth rates among cities provide a more relevant frame of analysis.

To analyze the economic growth of cities, the percentage as well as absolute change in median family income between 1950 and 1960 is used as the criteria to be "explained." The factors that appear related to the differential rates of growth in median family income among various municipalities within specific States (or groups of States) are the measures to be explored. The use of median family income—a variant of the more or less standard measure of per capita income—however, should be viewed differently at the municipal than at the national level because of the movement of people especially within as well as among States. Hence, while median family income facilitates comparisons among municipalities of different sizes, it nonetheless may result from population decline, a decline which exceeds that in total income.

Economic growth at the municipal level can be explained, at least in part, by examining two sets of factors. As was mentioned at the outset, there is inherently a national aspect to the subject of economic growth and the first set of factors to be discussed—those applicable to all municipalities—relate to this feature either primarily or exclusively. Yet, there is more to the subject of municipal economic growth than simply the national or common factors. If this were not the case, municipal economic growth would be more or less parallel throughout the nation. To put it somewhat differently, if the common factors were the only relevant change-initiating forces, then municipal economic growth would be a mirror image of the national pattern, though on a smaller scale. The second set of factors to be discussed may be considered as primarily indigenous to the specific communities.

While these special factors are relevant to a study of municipal economic growth and may, in fact, be the more important set of considerations, the very specific nature of their impact as well as data limitations preclude applying such factors as an explanation for the differing growth rates. For these more or less specific growth factors, it is possible only to indicate those which appear to be the more important determinants of business location decisions.

It is necessary to determine whether the individual common factors have a systematic relationship to variations in median family income among municipalities.* Aside from Kansas where localities with a 10,000 population level in 1950, were included, all municipalities with populations in excess of 25,000 as of 1950, but less than 250,000 in either 1950 or 1960, were included. Since only municipalities within a given State or groups of States within the same geographic region were considered, the municipalities were rendered homogeneous with regard to any regional influence that may relate to the differential rates of growth in median family income.

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*For this purpose the Spearman rank-order correlation coefficient was computed. It should be noted that the correlation coefficient measures only the degree of association between the factors considered and does not purport to measure cause and effect.

The period covered by the correlation analysis is the ten year span, 1950–1960. While it would have been preferable to extend the period to 1966, this was not possible because data for certain of the common factors are simply not available for years later than 1960. Hence, for the purpose of comparability among the several factors to be considered, the ten year period 1950–1960, for which all the necessary data are available, was used.

THE COMMON FACTORS

The first set of factors to be applied to the differential rates of municipal economic growth are those that are common or general to all municipalities, though growing at differential rates among the various cities. For reasons explained below, the four variables selected represent measures whose effects have been or can be influenced by deliberate policy decisions in the governmental sector. These common or general factors are:

- the percentage change in population,
- the change in the proportion of total employment engaged in manufacturing,
- the change in the proportion of total employment engaged in wholesale and retail trade, and
- the change in the proportion of nonwhite population.

Each of these specific factors was correlated with the percentage change in median family income. The same factors were also correlated with the differential rates of absolute change in median family income. For this set of correlations, the absolute change in population growth was used while each of the other factors was measured as before. Again, each of the common factors was related individually to the absolute changes in median family income.

The above measures were selected since on *a priori* grounds they appeared relevant to the growth in median family income. Population growth, for example, can be considered as leading to increased demand for goods and services, the immediate effect of which is to raise prices. To meet these increased demands, additional factors of production—land, labor, and capital—must be attracted. Each of these receives a monetary payment in exchange for its services and must be drawn from those previously unemployed or by higher compensation.

This hypothesis represents some over-simplification in that it assumes the various municipalities are self-contained units. While the population growth of the particular community is clearly relevant, it is not the entire story. The same phenomena, occurring in surrounding or even in distant locations, if channeled as effective demand into the local area, will produce the same effects on local income as local population growth and for the same reasons. While conceding this qualification, it should be added that such interdependencies are applicable not only to the municipalities but to other sub-national units as well.

The next two variables represent—in broad, aggregate categories—the industrial composition of the labor force. The process of economic growth after all tends to draw resources away from agriculture to the manufacturing and service sectors. This reflects the fact that as incomes rise, consumption patterns are altered, with food purchases constituting a smaller part of high income budgets than is true for low income individuals. Hence, as incomes rise, demand for nonagricultural products tends to grow relatively faster than the demand for food. As a result, less resources are devoted to the agricultural sector.

Also affecting the industrial structure is the influence of technological change. Technological advance —a phenomena that has characterized the agricultural sector—means that the same level of output can be produced with the use of less labor resources—that is, costs and product prices are reduced. Since the demand for food is not very sensitive to changes in relative prices, the combined effects of technology and income result in lower agricultural employment.

Focusing on municipal economic growth, the relevant changes in industrial composition are those within the non-agricultural sectors. At this level, the differential rates of growth in income may be associated with the differential rates of change in the proportion of total employment engaged in two broad industrial classifications—manufacturing and wholesale-retail trade. Each of these sectors has a relatively favorable income effect. The influence of technology, however, is somewhat more complex. To be sure, technology need not proceed at an even pace among the various industries and indeed has been far more important in manufacturing than in the service sector. Taken by itself, rapid technological change initially tends to displace workers in a particular industry; hence the proportion employed will decline. Since it also permits lower product prices or the introduction of new products, the proportion employed may increase over time, particularly if these forces are combined with the favorable income factor.

In other words, variations in the rate of growth in median family income among municipalities may result from the fact that certain cities have attracted a disproportionate share of the faster growing industries. For manufacturing, increases in the employment proportion would reflect both a favorable income and technology effect. For the wholesale-retail trade sectors, the favorable income factor may be offset by the comparatively slow technological change and may result in a declining proportion of employment.

The last hypothesis to be tested is whether the differential rates of growth in municipal median family income bear a systematic relationship to variations in the rates of change in the proportion of total population that is nonwhite. Since the nonwhite population may be less well educated or face barriers to employment opportunities that are not encountered by the white population, it was anticipated on these grounds that a negative relationship would exist between the growth in income and the nonwhite population.

EMPIRICAL RESULTS

Florida-Louisiana-Virginia. The classification of growth measures revealed that these three Southeastern States dominated the findings in regard to relatively strong growth performance over the years, 1950–1966. Since none of the three contained many municipalities, they were combined and all of their municipalities meeting the requisite population size, were considered as a unit. These States, however, are all in one geographic region, hence the influence of regional factors affecting median income is held constant.

Several rank-order correlations reveal that certain common factors relate systematically to variations in the rate of growth in median family income among the municipalities of Florida, Louisiana, and Virginia. These relationships are sufficiently strong to preclude the possibility of chance phenomena. Variations in absolute rates of growth (1960–1950) in median family income, consistently correlated with absolute changes in population, as well as shifts in the proportion of the population that was nonwhite (see Table 31). As expected, population growth was directly related to the growth in income, thereby indicating that those areas with high population growth had the greater gains in median family income. The change in the non-white proportion was inversely related to variations in the absolute rates of income—that is, those municipalities having the greatest increase in their nonwhite proportions had the smallest increases in median family income.

Table 31—Relationships Between Common Factors and Growth in Median Family Income in Florida, Louisiana, and Virginia Municipalities, 1950–1960[1]

	Direction of relationships
Percentage increase in median family income and:	
1. Percentage increase in population	○
2. Change in proportion employed in manufacturing	+
3. Change in proportion employed in wholesale-retail trade	−
4. Change in proportion of nonwhite population	○
Absolute increase in median family income and:	
1. Absolute increase in population	+
2. Change in proportion employed in manufacturing	○
3. Change in proportion employed in wholesale-retail trade	○
4. Change in proportion of nonwhite population	−

[1] Includes municipalities with 1950 population greater than 25,000; excludes municipalities exceeding population of 250,000 in either 1950 or 1960.

Note: + indicates a statistically significant and positive relationship.
− indicates a statistically significant and negative relationship.
○ indicates no statistically significant relationship.

Although neither of the two variables relating to the changing industrial structure was significantly related to the absolute change in median family income, the relationships were close. While there was some tendency for median family income to increase with the proportion employed in manufacturing and to decrease with the proportion engaged in wholesale-retail trade, these relationships were not sufficiently clear-cut to rule out the possibility that they were merely random.

When variations in the percentage increase of median family income is the factor to be explained, different relationships emerge. Both variables representing industrial structure are systematically associated; the change in the proportion engaged in manufacturing is directly linked to the percentage change in income while the change in the proportion employed in wholesale-retail trade is inversely related. Neither of the remaining factors, however, is systematically related, though the proportion of nonwhite population approaches it and has the anticipated negative sign.

Ohio. Of the several States reflecting more or less average growth performance, all five of the Great Lakes States were represented. Since this indicated a relatively homogeneous region, one of the five States was selected. Since Ohio had enough municipalities meeting the population criteria it was unnecessary to combine them with those of other States in the region. The relationships used for the municipalities of Florida-Louisiana-Virginia were again tested. The results indicate that five of the eight relationships established for the Florida-Louisiana-Virginia municipalities also hold for Ohio's several municipalities. In three instances, however, the findings differed (compare Tables 31 and 32).

Among the municipalities of Ohio, population growth was significantly, and positively, associated not only with the absolute change in median family income (as was true in Florida, Louisiana, and Virginia) but with the percentage change as well. Communities experiencing the largest changes in population then also had the greatest increases in median family income. Moreover, the change in the proportion of the nonwhite population was systematically, and negatively, related to the absolute change in income.

There was no significant relationship between the change in the proportion of the nonwhite population and the percentage increase in income among Ohio

Table 32—Relationships Between Common Factors and Growth in Median Family Income Among Ohio Municipalities, 1950–1960[1]

	Direction of relationships
Percentage increase in median family income and:	
1. Percentage increase in population	+
2. Change in proportion employed in manufacturing	○
3. Change in proportion employed in wholesale-retail trade	○
4. Change in proportion of nonwhite population	○
Absolute increase in median family income and:	
1. Absolute increase in population	+
2. Change in proportion employed in manufacturing	○
3. Change in proportion employed in wholesale-retail trade	○
4. Change in proportion of nonwhite population	−

[1] Includes municipalities with 1950 population at least 25,000; excludes municipalities exceeding population of 250,000 in either 1950's or 1960's.

Note: + indicates a statistically significant and positive relationship.
− indicates a statistically significant and negative relationship.
○ indicates no statistically significant relationship.

municipalities. Nor was there any consistent link between the change in the proportion employed in manufacturing or wholesale-retail trade and the absolute or percentage rates of growth in median family income. No statistically significant association was found then between industrial structure and income changes.

Kansas. The final State was selected to represent those whose economic growth had proceeded at a lagging pace. In terms of regional distribution, the Plains States tended to cluster in this sector with five of the seven experiencing comparatively slow economic growth. Of the five, Kansas was chosen. Since none of the five, taken singly or together, contained a sufficient number of municipalities falling within the 25,000–250,000 population range, it was necessary to extend the range downward to include those with at least 10,000 population in 1950.

Among the several Kansas municipalities, variations in the absolute rate of median income were systematically related to the absolute growth in population and, as expected, the association was direct (see Table 33). This means that those communities which had the greatest absolute increase in median family income also tended to be those which had the greatest absolute population gains. None of the remaining factors—the proportion of nonwhite population, percentage engaged in manufacturing or the percentage employed in wholesale-retail trade, however, were significantly associated with the absolute increase in median family income. In fact, there was no discernible relationship between income and either the nonwhite population change or the proportion engaged in manufacturing.

Table 33—Relationships Between Common Factors and Growth in Median Family Income Among Kansas Municipalities, 1950–1960[1]

	Direction of relationships
Percentage increase in median family income and:	
1. Percentage increase in population	○
2. Change in proportion employed in manufacturing	○
3. Change in proportion employed in wholesale-retail trade	○
4. Change in proportion of nonwhite population	○
Absolute increase in median family income and:	
1. Absolute increase in population	+
2. Change in proportion employed in manufacturing	○
3. Change in proportion employed in wholesale-retail trade	○
4. Change in proportion of nonwhite population	○

[1] Includes municipalities with 1950 population at least 10,000; excludes municipalities exceeding population of 250,000 in 1950.

Note: + indicates a statistically significant and positive relationship.
○ indicates no statistically significant relationship.

A reasonably strong correlation did emerge between median family income and the proportion engaged in wholesale-retail trade; while this relationship was not significant in a statistical sense, it was very nearly so. The negative sign of this association indicates that those municipalities with the greatest increases in income had the smallest increases, or greatest declines, in the proportion engaged in wholesale-retail trade. This same negative relationship emerged in terms of the percentage increase in median family income and again the result approached statistical significance. These negative correlations suggest that workers either switched from the wholesale-retail sector to some faster growing industry (though not necessarily manufacturing) or that the added population gained employment outside the wholesale-retail and manufacturing sectors. Underlying these changes would be the income and technology factors which may have favored employment in the non-trade sectors. None of the other relationships was consistently linked to the variations in the percentage increases in median family income among Kansas municipalities.

SUMMARY AND POLICY IMPLICATIONS REGARDING COMMON FACTORS

The various correlations reveal that certain common factors relate systematically to variations in income growth among municipalities within a given State (Ohio and Kansas) or among States within a given geographic region (the Southeastern States of Florida, Louisiana, and Virginia). These correlations indicate that one or more of the common factors are relevant within a State or group of States. The same factors, however, are not generally relevant to each State or necessarily of the same importance for the particular States where they are significantly related. The general or common factors discussed in this section then are not of uniform applicability, though they do help to explain variations among municipalities' income growth.

Based on the findings, population growth is the factor most frequently found to be systematically related to variations among municipalities' growth in median family income. For public policymakers, then, programs oriented to facilitating population redistribution are germane. A national policy directed toward a more balanced pattern of urbanization, therefore, would seemingly be more effective if it included policies that lessen the barriers to migration or enhance the attractiveness of new or existing communities.

Another factor that was systematically, though negatively, related to the variations in income growth at the municipal level was the increase in the proportion of nonwhite population. Since the nonwhite population suffers employment disadvantages compared to the white population, consideration might be given policies to further enrich and strengthen programs designed to remove the remaining obstacles in various forms of employment. The least consistent of the common factors were those relating to industrial structure. This suggests that there is no single type of employment opportunity, at least not in manufacturing or trade, most likely to stimulate income growth. Nonetheless, at least in specific instances employment in these sectors does appear relevant. Since new employment opportunities are conducive to the economic growth of urban areas—if not necessarily their differential rates—locational factors favoring specific areas are not only germane but may indeed be the decisive set of considerations.

LOCATION FACTORS

Location theory suggests certain characteristics that are influential in determining where business will locate.[5] The decision to relocate an existing plant or to establish a branch in a new locality, however, is not frequently made and may be rendered by a few individuals whose experience is limited. A personal element then enters into the selection of new sites as well as economic considerations. Since only a few instances occur in which economic considerations regarding location are *not* important, such as the use of an input for which there is no substitute or where transportation costs are negligible, these considerations undoubtedly are carefully assessed in choosing among various potential alternative locations.

Some of the economic considerations relate to the availability and cost of raw materials and labor at various sites; others include their relative accessibility to markets. Thus, the quantity, quality, and relative prices of a locality's resources present one set of factors—"cost" considerations—influencing the location decision; the size of the market, and its proximity in terms of transportation costs which permit price competition constitute a second—"price" considerations.

Since the several alternative localities are likely to differ considerably in regard to one or more of these factors, the ultimate location decision will reflect a balancing of objectives, including personal preference, that differ from industry to industry and from firm to firm. Some general tendencies, however, would appear to introduce a greater degree of regularity in the location decision process than might otherwise be inferred. For example, industries or firms which find that transport charges on inputs exceed those on outputs—for the same distance—are more likely to be input oriented in their location decision. Firms requiring bulky, weighty or extremely delicate capital equipment, hence large transportation or insurance outlays, will tend to choose location sites close to their supply sources over those favoring their output markets.

A second broad set of considerations involves the way a firm's sources of supply and markets are spatially distributed. As a rule, both the market and input sources tend to be distributed over various geographic areas. A location decision based strictly on this consideration is likely to lead to an intermediate site, one that, other things being equal, is best for all the various markets or supply sources.

Market oriented firms or industries, such as wholesale, retail trade, and service enterprises, inevitably find that the populations they serve are distributed over several different geographic areas. As a result, their location decision will tend to favor a transportation center, one that permits access at competitive prices to the several sources of consumer demand rather than to one.

The locational pattern of business is also influenced by the relative size that firms must attain in order to produce efficiently. Certain industries and firms with heavy initial fixed costs, for example, can only achieve maximum efficiency in terms of costs per unit at high levels of output—high in relation to the market for their products. Such establishments are characterized by having internal economies of scale which, in turn, result from their production techniques.

For firms that experience substantial internal scale economies and are of relatively large size, the location decision, whether input or output oriented, will be tilted in favor of a relatively few location sites resulting in industrial concentrations.

Economies also result from forces external to business firms. Such economies may emerge from the growth of the industry itself which permits specialization in related sectors or induces additional growth in related industries. The latter may lead to internal economies which ultimately will yield lower unit costs to the initial industry. Various other types of external economies also exist, such as the availability of the necessary city infrastructure and an industrially oriented labor supply.

Many of these various external economies result from the existing concentrations of economic activities, reflecting the joint growth of related industries in the past and from population densities, which facilitate the location of specialized market oriented services. These considerations have led location theorists to develop the concept of agglomeration, which relates to the size of the market or supply sources. Agglomeration effects, which introduce the spatial dimension of regional economic growth, arise from the established concentration of economic activity. To the extent that the existing distribution of economic activity yields external economies, and therefore exerts an influence on price, decisions made in the past will, in part, be reflected in current location decisions. As a result, there is a built-in tendency for further concentration of economic activity in given areas. In certain cases, however, this "herd-effect" may be counter balanced by diseconomies such as higher land rents that also may result from the agglomeration tendency.

A related concept—nodality—also pertains to the spatial dimension of growth. This principle holds that proximity rather than concentration of population and industry is a key location factor. It is necessary to note, however, that distance or the constraints imposed by space can be significantly reduced by technological advance in the transportation and communications industries. Indeed, it is the accessibility at competitive costs and prices of alternative potential sites to markets and to inputs rather than distance per se that is the critical element of location theory.

These general principles regarding location decisions suggest that for nearly all firms a balancing of input and output considerations must be resolved among potential alternative location sites, but the relative importance of specific factors is likely to differ. Various survey studies of these factors substantiate the significance of the input-output distinction made by location theorists. These studies also highlight some of the specific location factors considered by business executives and tend to confirm the varying importance, at least within certain limits, among different industries.

Two of the several survey studies will suffice to illustrate.[6] These studies, it should be noted, pertain to specific regions—Michigan and the Washington-Baltimore area. Some of the differing attitudes in the two studies may reflect this geographic factor, but other considerations suggest that the area difference is not sufficient to explain the varying responses.

The first of these surveys was conducted by the Survey Research Center of the University of Michigan and was based on personal interviews with top executives of 239 Michigan manufacturing plants in March and April, 1961. Responses covered all manufacturing industries as well as six broad industrial classifications. For the manufacturing sector as a whole, the six most important locational factors included, in order of the number of times cited:

- labor costs (wages, productivity),
- proximity to markets (including transportation costs),
- availability of labor (skills, supply),
- industrial climate—the attitude of the State and community toward industry,
- taxes, and
- proximity to materials (including transportation costs).

Despite the general agreement concerning the relative importance of these specific locational factors, some differences also emerge. Consumer goods manufacturers (food, textiles, furniture, etc.) placed greater emphasis on the proximity to markets as location theory suggests than on any of the remaining factors, most of which are "input" considerations. Manufacturers of rubber, plastics, petroleum, and chemical products, and producers of primary metals placed far less emphasis on the availability—though not costs—of labor than did the remaining industries surveyed. Finally the industrial climate factor was of relatively minor significance to manufacturers of transportation equipment, though not to the remaining industrial sectors.

In addition to these six locational factors, which largely corroborate the findings of location theorists, the Survey Research Center's study found that other considerations—sometimes viewed as prime factors—were less relevant, though again there are some marked differences among the respondents:

- water supply—referred to most frequently by manufacturers of rubber, plastics, petroleum, and chemical products;
- unionism;
- community factors;
- marketing facilities;
- traffic access and parking;
- zoning and other regulations; and
- local sources of financing.

While differences concerning the relative importance of these specific locational factors do emerge even within the manufacturing sector, the contrasts among industrial sectors is more dramatically underscored by comparing the above findings with those provided by a survey of scientifically oriented firms located in or considering the Washington-Baltimore area. Certain factors again were mentioned as being "desirable" — such as the availability of scientific (skilled) as well as semi-skilled and non-skilled labor. The major "desirable" factor, however, was adequate provision of employee housing in communities having active cultural, educational, and civic activities. This was followed by the desire for plant location within a half-hour's commuting distance of a commercial airport. Of the various factors receiving favorable mention by the respondents participating in this second survey, much greater emphasis was placed on available educational, cultural, and housing facilities, including a wide range of types at all price levels, than was found in the Michigan survey.

To sum up, locational theory and the surveys of business executives indicate that general considerations, such as the input-output orientation of the industry or firm, are critical elements in weighing potential sites for locating a new plant. One inference for public policy-makers is quite clear; namely, that several of the specific locational factors cited by business leaders may be affected by governmental decisions. As the Michigan study states:

> It is worth noting that not all of the six leading factors are "given," in the sense that they depend on natural advantages, the state of technology, or the geographic distribution of consumers.[7]

To the extent that transportation facilities can help achieve greater proximity to markets and materials, governmental policy obviously can be influential. The same can be said of the industrial climate factor, community facilities, and the level of taxes.

The last factor raises the issue of tax concessions to attract industry. The Commission has previously studied this subject and concluded that State and local "special tax concessions to new industry can have baneful effects on our federal system by setting in motion a self-defeating cycle of competitive tax undercutting and irrational discriminations among business firms." [8] Moreover, a recent survey of broker members of the Society of Industrial Realtors revealed that "special considerations, tax concessions, State or municipal construction, financing, etc." was the least important of eighteen specific locational factors mentioned.[9] While State and local tax concessions appear to be of limited significance in attracting new industry, a Federal tax credit scheme, which avoids self-defeating competition, can nonetheless be one of the elements to be considered in implementing a national urbanization policy.

A second important inference to be noted by public policy-makers is that the locational factors are not of similar importance for various types of industries. Some factors are beyond the influence of governmental policy, but even those that can be affected are not likely to be of equal significance to all industrial sectors.

THE RELATIONSHIP OF POPULATION AND PUBLIC EXPENDITURES

As noted earlier, both population and its rate of growth differ considerably from region to region and from State to State. At the municipal level this also holds true, and these differences in population characteristics may help explain part of the diversity among the various cities in per capita expenditures and the ratio of public employment to population. Indeed, there are three measures of population and its distribution that can affect public expenditures and employment per capita—(1) the *number of people;* (2) the *density of population;* and (3) the *rate of population change.* The effects of these population factors on the public sector are likely to differ, however, for the various functions.

The number of people or city size may be directly related to expenditures per capita and employment levels either because population size leads to diseconomies of scale or because it makes more or better public services necessary or feasible. Diseconomies can emerge as a city expands beyond its "optimal" size and enters that part of the expenditure or employment curve where unit costs or labor needs increase with additional numbers. Alternatively, population size may lead to economies of scale in the provision of certain public services as costs are spread over a larger number of people, thereby reducing unit costs. It is important to note, however, that some "scale economies" may result in a deterioration of service levels.[10]

The second population factor—density, or number of people per square mile—provides a measure of the average population concentration. City per capita expenditures and employment may be directly related to population density since the crowding together of large numbers of people makes more difficult, and therefore more expensive, the provision of certain public services. On the other hand, concentrations of people also permit a more intensive use of the existing "plant", though again service quality might diminish. At some point, however, additions to population concentrations will require new or expanded facilities.

The third population factor—its rate of change—is relevant to this analysis since it can lead to increased demands for public services. Per capita spending and employment, however, may actually decline, again because more intensive use is made of existing facilities and any excess capacity is more fully exploited. Also, the rate of population change may affect the decision-making process of government officials. If budgeting for the new public demands tends to lag behind the actual change in population, there would be a negative relationship between per capita expenditures or employment and the rate of population change.

In addition to these three population measures, certain other explanatory factors were used in the following analysis of city per capita public expenditures and employment. These include: the percentage of population that was 65 years of age or over, the median number of school years completed by those 25 or older, and median family income. These three non-population factors were included because on economic grounds they appear relevant to an explanation of why cities differ in their per capita spending or employment for various functional categories of public services. The two variables relating to age composition, for example, are designed to determine whether tastes for public services differ according to age or educational achievement. Median family income can represent either a measure of demands for public services or the fiscal ability of various communities to support their respective public sectors.[11]

These six independent variables constitute the explanatory framework; the focal point of analysis is the relationships between the variations in city expenditures or public employment per capita for various public functions and the three measures of population—city size, population density, and rate of population change. It is important to note that per capita expenditure and employment figures—the dependent variables—are the actual amounts spent or number employed; they do not represent need or the desirable level of public services except insofar as the actual amounts approximate these more subjective measures.

Nor do the expenditure and employment data directly reflect differences among cities in such matters as quality or productivity in public functions. Efficiency and quality differences, of course, are important considerations but measures of these are far from readily available. It is actual expenditures and employment per capita that are analyzed and not units of service or their relative quality. In addition, a particular problem arises with the expenditure data; namely, these amounts include the influence of differences in price levels among cities. This is avoided when the second measure, public employment is used. This latter index, while relating only to the labor input, is nonetheless a reasonable measure of governmental activity since such services tend to be labor-intensive.

METHOD AND SCOPE

To determine the relationships between city expenditures and employment per capita and the population measures, a multiple regression technique was used.[12] For the following analysis, it is necessary to take account of two problems relating to variations in functional responsibility among the several cities. Cities may differ in their per capita spending or employment simply because the State-city split in financing arrangements differs or because city/other local government ratios diverge. To minimize the first problem, selected States were chosen and relationships were run for the various cities (ranging in size from 25,000 to 250,000 as of 1960) within each of three States. These States were New Jersey, Texas and Ohio, each of which had sufficient municipalities for the analysis. Although it is not possible to exclude wholly the variations in State-city fiscal responsibilities, this procedure does tend to introduce a much greater degree of comparability among the cities than would be the case if, for example, cities within different States or for the nation as a whole were investigated.

Secondly, there are differences even within a State in city responsibility for certain functions. This is particularly true for those such as education, welfare, and health-hospitals where school districts, counties, or other local units of government provide varying degrees of financial support or where interlocal contracts may have shifted administrative responsibility from one unit to another. For this reason, these functions were not studied. The aggregate categories analyzed were total expenditures, the number of full-time equivalent employees, and the number of full-time equivalent employees engaged in "common functions." These common functions, which were also investigated separately, include the following specific categories: police, fire, highways, sanitation and sewerage, parks and recreation as well as general control.

For the expenditure data, a further distinction was made between those expenditures representing current operations and those for capital outlays. Since it seems reasonable to assume that factors related to one expenditure concept need not necessarily be related to the other and since capital outlays vary considerably from year to year, the latter were excluded from the expenditure data where possible. While capital outlays are included in many of the categories that are analyzed, they are not particularly large components. Thus, they should not seriously distort the analysis.[13]

EMPIRICAL RESULTS

Findings of this analysis reveal certain systematic relationships between the individual explanatory factors and various functional classifications. Equally important, however, is the fact that relationships which are statistically significant for various cities within a State, are not necessarily applicable for all of the selected States or all States generally.

Population size effect. Although there is but one instance in which increasing city size is systematically related to higher per capita expenditures—fire protection among the various Texas cities—there are five cases where population and public employment are directly, and significantly, associated. This holds true for per capita public employment in the parks and recreation function both in Ohio and Texas as well as for the following employment categories in Texas: full-time employment in the common functions, police protection, and fire protection (see Appendix Tables II–A through II–F). In each of the above functional categories in these particular States, the relationship with population is direct, indicating that increasing city size leads to higher per capita expenditures or employment.

Apart from these instances, however, the more frequent finding for the three States is that there is no consistent relationship between city size and the functional categories analyzed. Based on these findings then, it seems reasonable to conclude that, at least for cities up to 250,000, population by itself does not generally result in any major economies or diseconomies of scale. This does not preclude, of course, the possibility that a population larger than 250,000 may affect per capita public expenditures and employment. Since the very large cities would exert a disproportionate effect on the statistical results, they were excluded from the previous analysis.[14]

To gauge the influence of large populations, average per capita spending and employment for the various functions was compared for two groups of cities within the individual States—those in the 25,000 to 250,000 class and those above 250,000. In addition to the qualifications mentioned earlier, it is necessary to note that for larger cities the per capita expenditure and employment figures are less accurate indicators of services provided even aside from quality and productivity considerations. This reflects the fact that large cities have a disproportionate share of commuters, visitors and shoppers all of whom require certain public services (such as police protection) which swell the per capita expenditure and employment figures, based as they are on resident populations. Moreover, the larger cities also provide various amenities—libraries, museums, zoos, etc.—that are also available to non-residents. Whether or not a fee is charged for such use, such services add to the per capita figures.

Looking first at public expenditures within Ohio, the larger municipalities tended to spend more per capita for each of the seven expenditure functions studied, and substantially so for the total current, police, sanitation and sewerage as well as parks and recreation functions (see Table 34). Since there are only six large cities to compare and because the other explanatory factors are not considered, this examination of relationships for the large cities alone must be tentative. Nonetheless, Table 34 suggests that there is no relationship between population size and either per capita total current or general control expenditures. Highway spending per capita in Ohio tended to bottom out at a population size of 471,000 (though the decline is not steady) and then to rise—suggesting a more or less U-shaped curve, with possible diseconomies of scale becoming effective beyond the 471,000 level (Columbus). In addition, per capita spending for police protection, sanitation and sewerage, as well as parks and recreation all steadily increased beyond the 471,000 mark, though just before this level there is no evidence of a continuous decline. Per capita spending for fire protection increased beyond the 290,000 population level and this progression was broken only for the very largest city (Cleveland).

Table 34—Per Capita Expenditures for Selected Functions by City Size in Ohio

Cities	Population, 1960	Total current	Highways	Police	Fire	Sanitation and sewerage	Parks and recreation	General control
25,000 to 250,000		55.35	6.93	8.74	8.12	8.51	3.03	2.98
250,000 and over		83.73	7.24	13.14	10.44	10.39	6.29	3.06
Dayton	262,332	74.08	5.78	12.53	11.76	10.40	7.20	3.72
Akron	290,351	71.67	10.83	8.41	5.97	9.21	3.17	2.37
Toledo	318,003	82.52	7.44	12.54	9.87	11.40	5.44	2.61
Columbus	471,316	62.22	4.64	12.00	11.02	8.45	5.28	3.38
Cincinnati	502,550	134.42	6.72	15.63	13.54	10.98	6.08	3.09
Cleveland	876,050	77.46	8.05	17.73	10.48	11.89	10.57	3.19

Turning to public employment data within Ohio, generally comparable findings emerge. With the exceptions of the highways and general control classifications, larger cities also tend to have a higher ratio of employees per capita than smaller municipalities (see Table 35). Again, there is no relationship between population size and either of the aggregate employment categories among the larger Ohio cities. Highway employment reveals somewhat of a U-shaped curve, reaching a low point at the 318,000 level (Toledo); beyond this point, diseconomies appear to emerge, though the progression is broken for the largest city (Cleveland). Public employment in sanitation and sewerage as well as in the parks and recreation classifications tends to rise consistently beyond the 471,000 level, while for fire protection the increase sets in after the 290,000 figure but is broken, as with expenditures, for the very largest city. There is no discernible relationship, however, between police employment and population size, while general control employment, with two exceptions, seems to be a constant proportion, regardless of city size.

Among the larger Ohio cities then, there appears to be evidence of diseconomies of scale in the highway, sanitation and sewerage, parks and recreation, and fire classifications. For these functions, both the

Table 35—Ratio of Public Employment Per 100 Population for Selected Functions by City Size in Ohio

Cities	Population, 1960	Full-time equivalent employees	For common municipal functions	Highways	Police	Fire	Sanitation and sewerage	Parks and recreation	General control
25,000 to 250,000		0.84	0.66	0.07	0.14	0.13	0.10	0.03	0.06
250,000 and over		1.21	.88	.07	.16	.15	.16	.07	.05
Dayton	262,332	1.05	.96	.08	.17	.16	.17	.10	.05
Akron	290,351	.88	.65	.08	.11	.10	.13	.02	.07
Toledo	318,003	1.06	.81	.04	.19	.16	.13	.06	.02
Columbus	471,316	.87	.78	.06	.15	.16	.13	.06	.05
Cincinnati	502,550	1.91	1.04	.11	.20	.18	.16	.07	.05
Cleveland	876,050	1.49	1.03	.06	.15	.12	.21	.11	.05

expenditure and employment data yield comparable findings. While there is also some tendency for police expenditures to increase with city size (beyond the 471,000 level), there is no corresponding finding when employment data are analyzed. This suggests therefore that the diseconomies which emerge for police expenditures result from price differences and possibly additional capital input (in the form of supporting equipment) among the Ohio cities and not from greater employment.

A similar analysis of Texas municipalities also reveals that large cities—those with populations greater than 250,000—spent more per capita for total current expenditures and for each of the individual functions, except highways and general control (see Table 36). Aside from a very slight progression in the latter category, which sets in at the 588,000 population level (San Antonio), there was no consistent tendency for per capita expenditures to vary with city size. The same finding also emerges for employment data—that is the larger cities tend to employ more people, with the exceptions of highways and general control (see Table 37). For the larger Texas cities, however, there is no pattern of increasing city size and employment ratios for any of the categories analyzed.

As with the Ohio and Texas cities, larger New Jersey municipalities generally spent more per capita for total current expenditures as well as for each of the individual functions except highways, and parks and recreation (see Table 38). Indeed, for total current expenditures as well as for per capita spending on police and fire protection, larger cities in New Jersey spent considerably more than the average for municipalities in the 25,000 to 250,000 class. Further, there is evidence of diseconomies of scale for the total current, police, and fire, as well as sanitation and sewerage classifications. Aside from the latter, where per capita spending rises rather sharply between the

Table 36—Per Capita Expenditures for Selected Functions by City Size in Texas

Cities	Population, 1960	Total current	Highways	Police	Fire	Sanitation and sewerage	Parks and recreation	General control
25,000 to 250,000		46.36	5.43	7.41	6.33	6.74	3.23	2.00
250,000 and over		63.96	4.69	10.77	8.15	6.87	4.30	1.80
El Paso	276,687	114.78	4.46	9.22	7.69	5.19	2.89	2.36
Fort Worth	356,268	52.54	4.76	11.16	8.14	8.18	5.42	1.83
San Antonio	587,718	35.98	5.96	8.91	4.99	3.74	2.97	1.39
Dallas	679,684	63.95	4.72	13.35	11.65	9.89	6.43	1.69
Houston	938,219	52.53	3.55	11.20	8.26	7.36	3.77	1.72

Table 37—Ratio of Public Employment Per 100 Population for Selected Functions by City Size in Texas

Cities	Population, 1960	Full-time equivalent employees	For common municipal functions	Highways	Police	Fire	Sanitation and sewerage	Parks and recreation	General control
25,000 to 250,000	--------	0.95	0.74	0.08	0.13	0.12	0.13	0.04	.03
250,000 and over	--------	1.21	.83	.08	.16	.13	.15	.05	.03
El Paso	276,687	1.99	.85	.08	.14	.12	.21	.04	.03
Forth Worth	356,268	.92	.87	.12	.18	.13	.17	.06	.03
San Antonio	587,718	1.17	.64	.07	.13	.09	.09	.06	.03
Dallas	679,684	1.10	1.05	.06	.19	.17	.18	.07	.02
Houston	938,219	.88	.72	.06	.16	.12	.09	.04	.03

Table 38—Per Capita Expenditures for Selected Functions by City Size in New Jersey

Cities	Population, 1960	Total current	Highways	Police	Fire	Sanitation and sewerage	Parks and recreation	General control
25,000 to 250,000		139.93	6.11	15.87	13.38	11.43	5.46	3.21
250,000 and over		201.95	4.18	27.25	19.43	11.85	5.06	3.56
Jersey City	276,101	192.39	4.29	24.47	18.34	9.68	6.21	4.15
Newark	405,220	211.50	4.06	30.02	20.52	14.02	3.90	2.96

276,000 and 405,000 levels, expenditures for each of these functions rises consistently for the larger cities, of which, however, there are only two. Highway expenditures on the other hand, appear to decline with city size. This suggests that for this function, economies of scale may be present. The other classifications, however, demonstrate no consistent relationship between per capita expenditures and city size when compared with the average spending of smaller cities and among themselves.

Regarding public employment, larger cities in New Jersey employ more people, in relation to their populations, than the smaller municipalities for all functional classifications except highways and general control (see Table 39). For the individual larger cities beyond 250,000 population, there is a consistent rise for full-time equivalent employees, for those engaged in all common functions, and for the sanitation and sewerage classifications, where the jump is quite pronounced—thus suggesting that diseconomies of scale are present. Highway employment, however, continuously declines indicating that for this function, scale economies may exist. For the remaining categories, compared with the smaller city average and among themselves, there is no apparent relationship between public employment ratios and population.

Table 39—Ratio of Public Employment Per 100 Population for Selected Functions by City Size in New Jersey

Cities	Population, 1960	Full-time equivalent employees	For common municipal functions	Highways	Police	Fire	Sanitation and sewerage	Parks and recreation	General control
25,000 to 250,000		1.82	0.90	0.06	0.24	0.19	0.10	0.07	0.05
250,000 and over		2.78	1.19	.05	.38	.27	.14	.11	.05
Jersey City	276,101	2.77	1.14	.05	.39	.27	.06	.15	.05
Newark	405,220	2.79	1.23	.04	.36	.26	.21	.06	.04

Thus among the larger New Jersey cities, diseconomies of scale appear to emerge, both in expenditure and employment data, for the aggregate functional categories as well as in the sanitation and sewerage function. The police and fire protection categories, which reveal increasing per capita expenditures—though not employment—as city size increases, again point to the conclusion that such diseconomies result from price and/or capital input factors, rather than manpower requirements.

Population density effect. The second population factor—the number of people per square mile or population density—was systematically associated among Ohio municipalities (size 25,000 to 250,000) with per capita spending for police protection and per capita employment in the general control function. It was also closely related to per capita spending for general control. For these cities, there was a direct linkage between population density and per capita police expenditures, reflecting the added difficulties and greater expense of providing police protection for cities with greater population concentrations. On the other hand, population density appears to permit economies of scale in per capita expenditures and employment for general control. This is indicated by the nearly significant, and inverse, relationship between density and per capita spending and the significant inverse linkage between density and employment.

For the other expenditure classifications within the State of Ohio, there was no discernible relationship between per capita public expenditures and population density. Moreover, aside from per capita spending for parks and recreation in New Jersey, where the association was inverse, there was no statistically significant relationship between any of the expenditure classifications and population density in either Texas or New Jersey.[15]

Population growth effect. Of the three population factors, the rate of growth was most frequently found to bear a systematic relationship to per capita spending for public functions. Among the cities of Ohio, there was a statistically significant association between the rate of population growth and per capita expenditures for four functions: fire protection, sanitation and sewerage, parks and recreation, as well as general control. The direction of the relationship was inverse in each case, indicating that the rate of population growth has a negative effect on per capita expenditures. Similar inverse and significant relationships were found between the rate of population growth and full-time equivalent workers in common functions as well as employment in the police and fire categories. For the cities of Texas, however, the only such systematic, and inverse, finding related to per capita expenditures for police protection. By way of contrast, the rate of population growth was significant or very closely so for four expenditure and one employment classification in New Jersey: highways, police, fire, and sanitation and sewerage spending per capita as well as police employment. With the exception of the highways category, each of the relationships was inverse, suggesting that existing public facilities were either used more intensively because of initial excess capacity or that the budgetary process tends to lag behind actual population growth.

SUMMARY OF POPULATION FACTORS ON PER CAPITA PUBLIC EXPENDITURES

The findings for the States of Ohio, Texas, and New Jersey suggest that cities with populations ranging between 25,000 and 250,000 have some, but relatively few, instances of either economies or diseconomies of scale. Population size was significantly related to per capita spending only once—a direct association with fire expenditures in Texas. There were, however, five cases in which population was significantly, and directly, related with employment in the various functional categories analyzed: parks and recreation employment both in Ohio and Texas as well as full-time employment in the common functions, police, and fire protection among Texas cities.

Nor was the density of population usually a significant explanatory factor for the smaller cities. Only three such cases were found. In Ohio, per capita police expenditures were directly related while general control spending was negatively associated with population density; a similar inverse linkage was found for parks and recreation spending in New Jersey. Far more frequent was an association between per capita expenditures and the rate of population growth. This relationship emerged nine times among the three States and, with one exception, the linkage with per capita spending was negative.

Despite the results for the population size factor among the smaller cities, it seemed possible that the effects of this variable would show up for the larger municipalities. Since the statistical results would be strongly affected by lumping the large with the small cities in one analysis, the average expenditure and employment for small and large cities were considered separately. Such comparisons revealed that for most functional categories, the larger municipalities spent or employed more per capita. When compared with the small city average and among the larger localities of a particular State, population size was more frequently associated with per capita spending or employment than was true for the smaller areas—particularly in Ohio and New Jersey. There were, however, only a few large cities for comparison and since it was not possible to consider the other explanatory factors, this must be deemed a tentative finding. *Nonetheless, the evidence does seem to suggest that, at least for certain functions in certain States, the larger cities do produce diseconomies of scale.*

POPULATION SIZE AND THE PRIVATE SECTOR

The process of urbanization is an integral part of the economic growth that has transpired. By itself, it can affect spending decisions of both the household and business segments of the private sectors. Since urban economies are typically characterized by a high degree of specialization and division of labor, there is an increased reliance upon market oriented production. As a result, many items of personal consumption which rural populations provide for themselves are more frequently purchased in the market place by city residents. Moreover, urban residents may be forced to purchase certain goods and services simply to combat the effects imposed by their greater population size or densities. One dramatic example is the increased concern over the effects of air pollution, a phenomena that appears directly related to concentrations of population and industry as well as air, auto, bus and truck transportation; in short, air pollution is predominantly a city problem. A study of air pollution costs in the Washington, D.C., metropolitan area, for example, indicated that on the average, a family would save as much as $335 a year if the city's air was as clean as in rural areas.[16]

While the tendency toward greater market reliance adds to the costs of urban living, it is also true that personal consumption expenditures may be stimulated in the latter areas by the "demonstration-effect." This reflects the fact that urban dwellers are in more frequent contact with a greater variety of living standards and many lack close personal or family relationships. Urban tastes for consumption goods and sensitivity to new products may be heightened by this desire to "keep up." Lastly, prices for comparable goods and services frequently are higher in urban sections. This stems either from the greater difficulties imposed by density itself, as in housing construction, or from the need to transport certain commodities such as food to the cities.

Although differences between urban and rural consumption patterns are likely to be most apparent, a great diversity also exists among urban communities. This is indicated by a recent report of the United States Department of Labor showing that the estimated cost of a moderate standard of living for a family of four varies considerably among urban communities.[17] For the total urban population, costs of family consumption (food, housing, transportation, clothing, personal and medical care, and other family consumption expenditures) averaged $7,329 per year. In metropolitan areas, however, a comparable living standard required an additional $145, while in nonmetropolitan communities the cost for the same moderate living standard was $648 less. When certain additional budget items were included (gifts and contributions, occupational expenses, social security and disability payments as well as personal taxes), average costs rose to $9,191—varying from $9,376 in metropolitan to $8,366 in nonmetropolitan areas.

Aside from Lancaster, Pennsylvania, and the greater Philadelphia area, this finding also emerged for the individual metropolitan communities, when compared to the nonmetropolitan sectors of the same geographic region. This was true for both family consumption items as well as the total budget. In addition, when the several metropolitan areas were correlated with their population size (as of 1965 [18]), a statistically significant, and positive, relationship was found.[19]

Two distinct tendencies, therefore, emerge. Not only does a moderate standard of living cost more in metropolitan than nonmetropolitan centers but the same moderate living standard appears to be progressively more expensive in larger urban areas.

The process of urbanization can also affect the business location decision. A recent study by the Commission indicates that the more populated areas suffer several disadvantages in the competition to expand their industrial employment base.[20] For the nation as a whole over the period 1958 to 1963, manufacturing employment as well as value added by manufacture increased more rapidly outside the SMSA's than within such areas. Aside from a relatively few exceptions, this trend also characterized manufacturing activity for the individual States. By way of contrast, a comparable population breakdown, for the period 1950 to 1960, revealed the opposite picture, with population growing more rapidly in the SMSA's. Thus, the rate of population increase does not appear related to the differing growth rates in manufacturing activity. Factors that do appear related are "the greater availability and lower cost of sites, the greater ease of access provided by the interstate highway system, and the relatively fewer social and environmental problems in less urbanized areas."[21]

Turning to growth patterns within 18 selected metropolitan areas, the data reveal that except for the Minneapolis-St. Paul and New Orleans areas, suburban communities were favored (1958-1963) both in terms of growth in manufacturing employment and value added. For the intrametropolitan comparisons, however, population growth (1960-1964) favored suburban communities and therefore appears to be part of the explanation for the greater increases in suburban manufacturing activity. The Commission's overall conclusion was:

> In the economic development race, the suburban or outer core areas are definitely outdistancing their inner core neighbors. Burgeoning population outside most central cities is matched by burgeoning employment and growing manufacturing activity. Most industrial questionnaires indicate that businessmen are seeking suitable sites at reasonable cost, a commodity cities are least able to offer. The greater availability of land coupled with ease of access, provision for adequate parking, and a more wholesome social and physical environment give the suburbs a great advantage relative to the difficulties the city experiences in trying to attract new and expanding industries.[22]

Recent data based on the value of building permits issued (1960-1965), published in a Department of Labor study, provide additional corroborating evidence of this increasing suburban orientation of new plant locations.[23] For the nation as a whole and three of the four major geographic regions, new construction of industrial plants, stores and other mercantile buildings, as well as gasoline and service stations all favored the suburban communities. The major exceptions to this trend are in the South, which may reflect the greater degree of annexation and area redefinitions that have taken place there, and new office buildings which, for all geographic regions, continue to be located in the central city (see Table 40).

Table 40—Percent of New Business Building Outside Central Cities of SMSA's, by Region, 1960–1965

Type of building	Percent of valuation of permits authorized for new business structures				
	United States	Northeast	North Central	South	West
Industrial	62	71	59	46	69
Stores and other mercantile buildings	52	68	57	34	56
Office buildings	27	26	30	22	32
Gasoline and service stations	51	61	52	39	57

Source: Dorothy K. Newman, "The Decentralization of Jobs," "Monthly Labor Review," Vol. 90, No. 5 (May, 1967), p. 8.

The same trends also characterize individual selected metropolitan areas. Indeed, the only major difference is that for six of 14 selected SMSA's, new office buildings were also mainly located outside the central city (1960–1964).

Thus, two trends characterize the recent record of decentralization of industry: a movement favoring nonmetropolitan areas over their metropolitan counterparts and, within SMSA's, a greater growth in suburban compared to core counties or cities. Both developments seem to reflect, at least in part, certain factors where the more populated urban areas face a distinct competitive disadvantage vis-a-vis their neighboring communities.

SUMMARY OF FINDINGS

- Although the period 1950-1966 was one of further economic expansion, there was considerable diversity in the rates of economic growth among both the multi-State regions and the individual States.
- Within selected States, chosen to reflect this differing growth performance throughout the country, economic growth (1950-1966)—as measured by the percentage as well as absolute increase in median family income—varied among the several municipalities. These variations in municipal economic

growth were related most frequently to rates of change in total population and the change in proportion that was nonwhite. Variables designed to reflect industrial structure—the change in proportion employed in manufacturing as well as wholesale-retail trade—were less successful explanatory factors, though applicable in particular States. Indeed, while each of these factors appeared related to variations in municipal economic growth for particular States, they were not of uniform applicability for each selected State.

- On the basis of the findings for the common factors, policies designed to facilitate population redistribution, by reducing barriers to migration or enhancing the attractiveness of new or existing communities, appear germane. Since the change in the nonwhite population proportion was negatively related to municipal economic growth, existing policies designed to remove obstacles in various forms of employment might well be strengthened.
- Location theory as well as surveys of business executives reveal that several factors affecting plant location are amenable to governmental policy. Certain factors are, however, beyond the influence of government and even those within this sphere are not necessarily of equal importance for all industrial sectors. Nonetheless, governmental policy can affect factors such as the need for adequate transportation, housing and community facilities, industrial climate, and tax level—all of which are generally influential in the location decision.
- For communities ranging in size from 25,000 to 250,000 within selected States, there were relatively few instances in which either population size or its density were important influences on per capita public expenditures and employment. It seems, therefore, that at least up to the 250,000 level, cities do not, in general, demonstrate any tendency toward major economies or diseconomies of scale.
- For the larger cities of these States, however, there was a greater tendency for population size to be associated with higher per capita public spending and employment. Since only a few large cities were examined and certain other factors were not considered this conclusion must be regarded as tentative.
- Within the private sector, the process of urbanization seems to lead to higher consumption expenditures. Indeed, a comparable standard of living costs more in metropolitan as opposed to nonmetropolitan areas. Moreover, diseconomies of scale seem to be evident since the costs of this living standard tend to rise with city size.
- Trends in industrial location also point to the conclusion that cities in recent years have been less able to compete for new business than their surrounding counterparts. At least part of the explanation for the greater success of nonmetropolitan and suburban communities reflects their advantages in factors such as availability of land and ease of access to markets or supply sources, adequate parking facilities and generally a more favorable social and physical environment.

Footnotes

[1] Simon Kuznets, *Modern Economic Growth: Rate, Structure, and Spread* (New Haven: Yale University Press, 1966), p. 1. As Kuznets points out, population growth may seem oddly placed in a definition of economic growth, particularly in countries experiencing population explosions. Nonetheless, it is included because the economic growth of the past has typically taken place along with population growth.

[2] H. S. Perloff, et al., *Regions, Resources, and Economic Growth* (Lincoln: University of Nebraska, 1960), pp. 3–4.

[3] These and the following figures are cited in "Economic Impact of Defense Programs," Col. Vernon M. Buehler, *Statistical Reporter* (July, 1967), pp. 1–9.

[4] William R. Maki, "Growth Centers and Regional Development," Supplement C in *The Role of Growth Centers in Regional Economic Development.* Prepared for Office of Regional Economic Development, U.S. Department of Commerce, Washington, D.C., p. C2.

[5] See, for example, Calvin M. Hoover, *The Location of Economic Activity* (McGraw-Hill: 1948) and H. S. Perloff, et al., *Regions, Resources, and Economic Growth* (University of Nebraska Press: 1960), Chapter 6.

[6] The studies are by Eva Mueller, Arnold Wilkin, and Margaret Wood, *Location Decisions and Industry Mobility in Michigan, 1961* (Institute for Social Research, University of Michigan: Ann Arbor) and John Thomas Kinbrough, *The Role of Scientifically Oriented Firms in the Development of New Communities in the Washington-Baltimore Area,* Unpublished Masters Thesis, George Washington University.

[7] *Location Decisions and Industry Mobility in Michigan, 1961,* op. cit., p. 11.

[8] Advisory Commission on Intergovernmental Relations, *State-Local Taxation and Industrial Location,* Report A–30 (Washington, D.C.: April, 1967), p. 83.

[9] Robert P. Boblett, "Factors in Industrial Location," *Appraisal Journal* (October, 1967).

[10] The concept of economies of scale assumes a constant quality of service. As noted later, quality differences are not considered here. It is not possible therefore, to determine whether decreasing expediture or employment ratios do not also encompass some sacrifice in standards.

[11] There are, of course, additional variables that might have been included. This was not done, however, since the effort here is to determine the relationship of the population measures to the varying levels of per capita public expenditures and employment, rather than to provide a complete explanation of the variations themselves. The three nonpopulation factors that were included should serve to account for an important part of the interrelationships that may exist between the two sets of factors—population and nonpopula-

tion variables. Hence, additional nonpopulation variables would add relatively little to the purpose of this study.

[12] By this technique, it is possible to measure the effects of each of the particular explanatory factors after the other variables were taken into account.

[13] For all New Jersey municipalities, capital outlays in 1962 totaled $67 million, of which at least $52 million are excluded from the series studied; for Texas, no less than $112 million out of a total $146 million in capital outlays are excluded while for Ohio, at least $135 million out of $183 million in total capital outlays are omitted.

[14] Brazer, in an earlier study, found this to be the case when Boston was included in the analysis of Massachusetts cities. In his words, "scatter diagrams for population size and expenditures in Massachusetts reveal the rather spurious nature of the results of the regression analysis, for eliminating the city of Boston changes the picture radically." Brazer's ultimate conclusion was one of uncertainty regarding the effects of population size on city expenditures. See Harvey E. Brazer, *City Expenditures in the United States,* Occasional Paper 66, National Bureau of Economic Research Inc., 1959.

[15] Many of the smaller cities had population densities greater than the larger municipalities, without leading to any systematic relationship with per capita expenditures. It seemed unlikely, therefore, that an examination of the larger cities only would alter the above conclusions regarding the effect of population density on per capita public expenditures or employment.

[16] *Washington Post,* December 14, 1967, Section B, p. 4.

[17] U.S., Department of Labor, Bureau of Labor Statistics, *City Worker's Family Budget for a Moderate Living Standard,* Bulletin No. 1570–1 (Washington, D.C.). Intercity comparisons reflect not only price differences but also climatic or regional factors that affect the quantities and types of items necessary to achieve the moderate standard of living. In addition, differences in State and local taxes affect the total budget costs.

[18] The population figures for Boston, Hartford, and Portland (Maine) were as of 1960 since the 1965 estimates were not available.

[19] The rank order correlation between population size and total budget costs was +0.337; excluding Boston, Hartford, and Portland, the correlation rises to +0.370. The rank order correlation between population size and family budget costs was +0.327; excluding Boston, Hartford, and Portland, the correlation rises to +0.374.

[20] *State-Local Taxation and Industrial Location, op. cit.,* pp. 16–30.

[21] *Ibid.,* p. 19.

[22] *Ibid.,* pp. 19–22.

[23] Dorothy K. Newman, "The Decentralization of Jobs," *Monthly Labor Review,* Vol. 90, No. 5 (May, 1967).

Chapter III

The Impact of Recent Urbanization Trends

THE FOREGOING CHAPTERS have clearly established that economic activity and population have concentrated in the nation's urban areas, with the most recent trend benefiting the suburbs and urban fringe of metropolitan areas—not the central cities. Future projections—assuming an extension of present trends and of existing attitudes of government and industry toward urbanization—will find the major share of growth continuing to take place in such locations, with a continuing expansion of large metropolitan complexes

The general thrust of these and related basic findings indicates the need to probe the alleged adverse consequences of urban congestion. For some, such findings alone provide ample basis for proposing major shifts in private and governmental policies—even including a fundamental shift in our public philosophy and the use of new governmental tools for intervention and control. Caution, however, dictates that most of these earlier findings per se do not provide ample basis for advancing a range of far reaching policy recommendations, since they merely document the dimensions of metropolitan growth. At this point then, we must turn to the negative features that some discover in these findings and probe some six major problem areas that—one way or another—stem from present population and economic trends.

GHETTO RIOTS AND IN-MIGRATION

One special feature of recent urbanization, as we have seen, is the dramatic increase in the Negro population of central cities—especially those in large metropolitan areas. The majority of Negroes today are city-dwellers—large city-dwellers. Even in the South three out of five Negroes live in urban areas. Moreover, 1960 census figures show that one out of every two nonwhites in the six northern and western cities with the largest Negro populations were in-migrants—chiefly from the South.[1] Those who relate continued migration of the rural Negro poor to the problems of the ghettos assert that such migration aggravates an already tense situation by building up pressures that are already near the flash point in many places and that have already broken into flames in Detroit, Watts, Newark and a score of other areas.

This view has not gone unchallenged. Robert A. Levine, Assistant Director of the Office of Economic Opportunity (OEO), "rejects the thesis being offered by (Secretary) Freeman and many others that the poor rural migrant has provided the tinder for urban riots." [2] An OEO economist whose work provided the basis for Levine's position concluded generally from studies of rural-to-urban migration that: [3]

- Such migration has continued in an unbroken stream from the days of the American Revolution to the present.
- Migration responds to the pull of employment opportunities in the cities rather than to the push of deprivation in the rural areas.
- Migration selects those people best qualified to succeed in urban life and hence rural Negro migrants to urban areas tend (a) to be as well-educated as nonmigrant urban Negroes, (b) to have higher labor force participation than nonmigrant urban Negroes, and (c) to have unemployment rates no higher than nonmigrant urban Negroes.
- Recent Negro migrants to a city never form a large percentage of the entire Negro population of that city, and they do not tend to concentrate in one section of the city.

These conclusions, of course, parallel many of the findings in Chapter I relating to migration generally and Negro migration specifically.

Certainly the problems of the ghetto leading to violence stem from much deeper causes than in-migration of more Negro poor from rural or other urban areas. Basically, they are the product of two and one-half centuries of slavery and a century of second class citizenship for Negroes—expressed through discrimination in education, employment, housing and other factors that inhibit normal family life and upward social mobility. Even after new legislation and court decisions directed at removing governmental support for these barriers to equal treatment, it takes time for improved education and generally equal treatment to have their effects. Moreover, even an effective implementation of the "equal protection of the laws" guarantee obviously does not assure any automatic striking down of the shackles that still characterize much of the social and economic sectors of American life. Despite a pronounced determination to overcome age-old neglect and denigration through court actions and intensified public programs, many residents of Negro ghettos unfortunately can be expected to continue to labor under the handicaps of this heritage and to live well below or only on the margin of the economic and social standards enjoyed by most members of our society.

At the same time, it still seems likely that the inmigration of poor Negroes, regardless of their preparation for urban living and of the other factors cited above, adds to congestion and therefore to the potential explosiveness of ghetto conditions. This implication can be drawn from an observation attributed to Paul Ylvisaker, Commissioner of New Jersey's Community Affairs Department, who had first-hand experience in dealing with Newark and Plainfield riots in the summer of 1967: [4]

> Ylvisaker has an arithmetic of the city slum even more ominous than that of the Governor. Merely to hold the ghettos to present scale, without any increase in their size, 500,000 Negroes a year would have to move out into the white community. But the rate of this outward movement today is at most 50,000. This means a net increase in the ghettos of roughly a half-million a year, compounding every problem by a far greater ratio than the mere increase of those within the walls. Ylvisaker sees something very like civil war between armed whites and armed blacks in the not-too-distant future unless a more dramatic program wins public attention and support.

In any case, much more must be done by government, private groups, and individuals than providing more alternatives to the poor Negroes crowding within ghetto walls, if the underlying causes of ghetto frustration are to be attacked. This Commission has proposed a number of actions to this end, essentially aimed at upgrading the fiscal and service capacities of central cities and at placing on State governments and suburban areas a major fiscal and moral responsibility for the metropolitan areas as a whole and especially their urban core.[5]

SOCIAL AND PSYCHOLOGICAL EFFECTS OF URBANIZATION

The question of the social and psychic effects of urbanization comprises another basic problem area stemming from higher density patterns. Sociologists and psychologists are giving increasing attention to the possibility that crowding in metropolitan areas is taking a toll in human values. In a recent speech on urban-rural balance, Secretary Freeman quoted biologist Rene Dubos to the effect that: [6]

> Some of the most profound effects of the environment created by urban and technicized civilization may not be on physical health, but on behavioral patterns and mental development.

Does urban crowding *per se* affect the human personality? Empirical evidence apparently is not conclusive. Nonetheless, there are indications that there *might* be such a relationship. Two specialists in mental health offer these observations: [7]

> The problems which accrue from high population densities in our inner cities have been discussed in a large body of literature emanating mainly from the disciplines of sociology and social psychology. Tentative findings tend to associate a number of social ills with overcrowding; delinquency and racial rioting being two examples. Some interesting findings from the field of human ecology have as yet been unrelated to human affairs. There are studies which indicate that there are self-limiting mechanisms which determine maximum herd size in certain animal species. When this size is surpassed, animals mysteriously and to outward appearances, inexplicably die off, thus balancing the group at a certain number. . . .
>
> We do not believe that anyone today can claim that there is such a thing as an optimal size human group nor can we state with confidence that there is any particular space requirement for an individual. . . . Where physical distancing becomes impossible as in prisons, concentration camps, army barracks, slum apartments, etc., it would appear that people make use of psychological distancing mechanisms. Enforced physical contact often leads to the maintenance of "emotional distance." If people cannot escape into their private rooms, they will escape into their private thoughts. It is possible that such emotional distancing in crowded city areas may contribute to indifference to the suffering of others and unwillingness to "get involved" with neighbors or people who may be attacked on the street by hoodlums.

Sociologist Louis Wirth found that living in densely settled urban areas affects the individual's relationship to the community: [8]

> . . . the individual gains, on the one hand, a certain degree of emancipation or freedom from the personal and emotional controls of intimate groups, he loses on the other hand, the spontaneous self-expression, the morale, and the sense of participation that comes with living in an integrated society.

The significance of participation in local democratic-political processes, and the difficulties of achieving it in the "inner city" are pointed out by two contemporary observers: [9]

> Very few services provided by cities for their residents are placed or administered in the neighborhood, limiting interplay between citizens and their acceptance. Participation is also vital as the channel for maintaining stability and producing democratic change. It is the most important aspect of civic education in a democracy, basing learning on experience. When that experience is frustrating, unproductive and peripheral to decisions, as is not so often the case in our American cities, what the citizen learns is that participation is not an efficacious expenditure of time, or that his views "do not matter." Consequently, tendencies toward civic apathy and political alienation are enhanced by the existing processes of citizen participation.

Economist Oliver C. Winston questions the effect of metropolitan living on the whole range of qualitative values: [10]

> All of his (population concentration in huge urban centers) has raised some very serious questions not only about the impact upon the physical needs to be met but about the kind of society it implies. Is the multimillion population urban agglomeration likely to offer the kind of physical, social, and aesthetic environment which will stimulate a rise in the cultural level of the individual and awaken his latent talents for participation in social, political and intellectual activities? Will such agglomerations achieve societies of high quality and enduring vigor? Does this kind of development offer enough variety and choice for people of the next two generations?

Winston contends that people who prefer communities of 50,000 to 500,000 population are those who "seek more intimate association and participation in cultural, political and economic life and who feel the need for close association with symbols of stability—heritages of the past." [11] The giant super cities, in his view, are inimical to these values. A planner, Ian L. McHarg, generally shares this pessimism about the total effect of the modern city: [12]

> Indeed, one can certainly say that the city is at least an ecological regression, although as a human institution it may represent a triumph. Whatever triumph there are to be seen in the modern city as an institution, it is only with great difficulty that one can see any vestige of triumph in the modern city as a physical environment. One might ask of the modern city that it be humane; that is, capable of supporting human organisms. This might well be a minimum requirement. In order for this term to be fully appropriate—that is, that the city be compossionate and elevating—it should not only be able to support physiological man, but also should give meaning and expression to man as an individual and as a member of an urban society. I contend that far from meeting the full requirements of this criterion, the modern city inhibits life, that it inhibits man as an organism, man as a social being, man as a spiritual being, and that it does not even offer adequate minimum conditions for physiological man; that indeed the modern city offers the least humane physical environment known to history.

The Regional Plan Association, on the other hand, advances a more balanced view of the alleged impersonality and anonymity associated with urban living: [13]

> . . . That today's larger city is in many ways more impersonal than its smaller predecessors is undoubtedly true. That this is not all bad is also true. Critics have approached the problem in different ways. Some sociologists have simply reported with relative dispassion the change from the strong social controls of the rural village to the smaller shallower social structure of the city. A second group, condemning the shift, has also condemned the city; anti-city was for a long time the dominant theme of the literature of urbanism. Finally, there are those who feel that the enlargement of choice need not erase community values. Among these is Lawrence Haworth: "What specialization contributes to the good life is opportunity. . . . What specialization removes is community. . . . The problem is that of restoring community to the city in a way that the distinctive contribution of city life, the wealth of opportunity it offers, is not lost. . . ."
>
> In fact, a great social attraction of the large city is the privacy it offers . . . the individual can freely select the persons with whom he desires contact and is allowed to ignore the rest. . . .

The Regional Plan Association places particular stress on the diversity and broad range of opportunities in the large city as offsets to its social and economic costs: [14]

> The larger the urban groupings the more abundant opportunities it potentially can offer: for individuals—opportunities in choosing life styles, means of earning a living, opportunities in education, the arts and amusements; for organizations—opportunities in access to other organizations and individuals, which ultimately spells access to information, hence to influence and power. Of course, the potential of opportunity and choice can remain unrealized because of poor internal arrangements. And, clearly, not all people and organizations want or need frequent access to all conceivable choices. Those who do not may locate in smaller cities. But to impose an arbitrary limit on the concentration of opportunities is to restrict the potential range of choice for individuals and for society itself.

Considering the intangible nature of the adverse social and psychological effects of urban concentration along with the relative lack of "hard research data," it is difficult to draw any firm conclusions at this point. A somewhat better perspective, however, is afforded when the economic as well as the noneconomic factors are considered.

DISECONOMIES OF SCALE

The previous chapter's analysis indicated that higher relative costs are likely to emerge in large urban aggregations—both for governmental activities and private industry. The examination of public expenditures and employment for communities of 25,000 to 250,000 in three representative States indicated that at least up to the 250,000 level, cities do not, in general, demonstrate any tendency toward either major economies or diseconomies of scale. For the larger cities (over 250,000) in these States, however, there was some tendency for population size to be associated with higher per capita public spending and employment for certain, though not all, expenditive functions. Thus these cities, as a group, did usually spend more public funds or employ more personnel per capita for public services and, in some cases, considerably more than those below 250,000. Within the private sector, however, the indicators suggested that the process of urbanization seems to lead to higher consumption expenditures.

Economist Werner Hirsch points out the factors that tend to interfere with achievement of continuing economies of scale as cities grow larger: the required geographic proximity to service recipients in such areas as education and fire makes it difficult to economize by any consolidation of plant and services; intensified use of labor increases employee bargaining power, giving an upward thrust to wage costs; and topheavy administration and increased patronage considerations seem to accompany larger municipal governments.[15]

Air pollution is one of the clearest examples of the increasing cost of living and of conducting economic activity in congested areas: [16]

> Air pollution is a sickness of cities. The amount of air on earth is very large, a million and a half tons, for every human being, and its total capacity for containing pollutants is great, but cities occupy only a small area—in the United States about 2 percent of the land—and the weight of air available to them at any instant is correspondingly small. At the same time most sources of pollution are concentrated in the cities. A single electric generating plant using fossil fuels may emit several hundred tons of sulphur dioxide per day. The weight of particles suspended in city air is commonly ten times higher than in rural areas.

The experts indicate that even with existing population densities and existing use rates of fossil fuels, cities "are coming uncomfortably close to using up all their available air." [17] Despite the prospect of increased use of nuclear-powered electric generating capacity, the capacity of fossil fuel generating plants is expected to double by 1980 and double again by 2000. Yet the cost of introducing new pollution control devices in these plants is pegged at almost $2 billion by 1980 with an annual operating cost of about $750 million.[18]

In considering economies of scale, the Regional Plan Association cautions that the nature of the urban unit is crucial, because it makes a difference whether it is a relatively free-standing municipality, or one urban center in a cluster of such centers.[19]

> To answer the question, "when is an urban region too big," one must first determine what an urban region is. (1) Is it the influence area of the dominant center? That may be hard to distinguish in a closely-knit, overlapping hierarchy of centers. (2) Or the continuously built-up area, the most tangible definition of a city? That, as has been pointed out, may be concealing a rather heterogeneous structure of relatively independent units, and the size of the whole may be quite irrelevant to the functioning of its parts. (3) Or a more widely defined planning region, a cluster of related or overlapping zones of influence of urban centers? Here, even more than in the second case, total size may say nothing at all about efficiency of internal arrangements. . . .
>
> Changes in size inevitably require changes in internal structure, and the relevant question is not how big an urban region should become, but rather, given an anticipated size, what is the best internal arrangement? Then the question of "economies" of size can be meaningfully investigated with regard to specific urban functions and centers of activity and their most efficient location.

Taking social and psychic, as well as economic factors into account, the question still arises: at what point in size and density of an urban community do the various minuses exceed the pluses? This basic question may be answerable, but a complete answer is not yet available according to one scholar, Werner Hirsch: [20]

> To the best of my knowledge, there is no study that definitely indicates that the social costs of huge urban complexes outweigh the benefits accruing to society.

To complicate matters further, the Regional Plan Association suggests that size *per se* may not be as important as other factors in determining the attractiveness of city living.[21]

> Many of the negative aspects of large city living are not inevitably linked to size, but are, rather, socially, institutionally and politically determined. Their drawbacks can be alleviated or eliminated through the political process by a more equitable distribution of public investment, through pricing policies that make individuals more responsive to the consequences of their actions, through technological advance and through imaginative and rational planning and design.

All this suggests that we need more adequate social data and techniques of measuring social costs and benefits. In this connection, it is worth noting that Senator Walter Mondale has introduced a bill (S. 843—90th Congress) for creation of a Council of Social Advisers which would be concerned with promoting more efficient allocation of national resources in meeting domestic social problems just as the Council of Economic Advisers is concerned with economic resource allocation. It would provide "hard data and analysis" needed to understand social problems and assess the social consequences of public policies and programs. In introducing the proposed legislation Senator Mondale declared: [22]

> The fact is that neither the President nor the Congress nor the public has the kind of broad-scale information and analysis needed to adequately assess our progress toward achievement of our national social aspirations.

BUSINESS LOCATION DECISIONS AND JOBS

As the earlier analysis suggested, high density areas have experienced difficulty in recent years competing for a broader industrial employment base. Generally, non-SMSA areas have enjoyed more rapid growth in manufacturing employment and in value added by manufacture than SMSA's. Further, within metropolitan areas, suburban and fringe manufacturing growth has outstripped that of the cities. A similar trend probably prevails in the growing service sector of our economy which, given its people-related character, tends to follow population movements. The greater availability of land and parking facilities, ease of access, and the attractive physical and social setting of the less congested areas have been identified as the basic factors prompting this urban fringe and non-SMSA business locational trend.

Also underlying this increasing decentralization of industry has been the process of technological advance—particularly in the transportation and communication industries. These developments, which tie the country more closely together, reduce the geographic constraint inherent in the plant location decision. In location terminology, this means that market considerations, as opposed to supply factors, are increasingly important; as such, population growth becomes an even more critical influence in the business location decision.

Projections on location of future jobs and people, by Jonathan Lindley, Deputy Assistant Administrator for Policy Coordination of the Economic Development Administration, show that central cities will have a job shortage (underemployment) while their suburbs and outer ring counties will have a job surplus (full employment).[23] Additionally, this analysis concludes that job growth in both settled and densely congested counties will be at a much lower rate than the national average. Moderately sized counties (50,000 to 500,000) on the other hand, are slated for above-average growth.

As a basis for determining what might be done to correct this anticipated mismatch of jobs and people, Lindley analyzes the factors affecting population and job location, and finds that:

- Rural job seekers go to the big cities because they feel the number of job opportunities is greater there, but better job information in rural areas might induce more people to seek jobs away from the central cities.
- Small towns and villages are losing their economic function as local agricultural or other market distribution centers, due to advanced farm technology and improved transportation systems.
- Historically, rural areas have treated the poor and minority groups with less compassion than cities. But when these groups now move to cities to better their lot, they find the urban industries that formerly offer jobs to the unskilled are located largely in the suburbs, rather than in central cities.
- Large urban areas have the welfare and public relief services necessary for temporary support of migrants in a strange social climate.

Lindley concludes:[24]

> . . . some economists have argued that the increased rate of urbanization that apparently has taken place recently has not been in response to attractive economic advantages in the large cities. Rather, this increased urbanization is the result of the very severe economic and social pressures in the rural areas. In other words, it has been the push of poor rural conditions rather than the pull of urban economic opportunities.

This view conflicts with the OEO staff interpretation presented earlier and with the findings of the Michigan Survey Research Center discussed in Chapter I. But there is less disagreement over the critical changes that Lindley cites as occurring in the big and small urban economic environment.

- With new kinds of goods and services being produced in new growth industries and with the improvement in transport facilities, traditional plant location criteria—proximity to supplies and markets—are becoming less important and the availability of urban amenities—good water and sewer systems, schools—more important (some would say the old criteria are still important and that they now dictate a suburban or fringe location decision).
- Land costs have driven the new, mechanized industries to the suburbs and elsewhere, but these are the very industries offering the greatest potential source of jobs for semiskilled migrants settling in urban complexes.
- The new interstate highway system has made it easier to serve a large urban area from the rim of a circumferential highway in suburbia than from the congested hub of a metropolitan area.
- Substantial diseconomies of scale in public services in large cities encourage industry to relocate in suburban areas.
- The new or expanding industries in the city tend to provide white collar jobs with relatively high entrance requirements. Major opportunities for unskilled migrants in central cities are mainly in low paid, temporary service type jobs, offering little chance for upward mobility and the best blue collar job opportunities are moving to suburban and smaller urban areas.
- The economics of suburbia discourage migration of rural unskilled and semiskilled to the suburbs because of the net cost of providing public plant and equipment (schools, water, roads) for such lower income new residents and because of the low density pattern for residential purposes caused by large lot zoning and other practices sometimes used to keep out low-income groups.
- The minimum size "independent" community (i.e., located well outside a metropolitan area) that can provide employment opportunities is growing, due to technological and economic factors. Twenty-five thousand to 50,000 appears to be the minimum viable population. Smaller towns away from metropolitan areas thus will have difficulty in surviving as employment centers except for certain limited purposes.

In short, the dynamics of urban, economic and social change tend to channel the in-migrants to the core city even though their potential employment opportunities may rest elsewhere. Lindley believes that this mismatching dilemma makes mandatory the development of a national urban-economic development policy—a policy that addresses itself to the question of how and where future population can be assimilated in the most efficient manner. Free market enthusiasts tend to agree with Lindley's diagnosis, but not with his policy prescription.

RURAL AMERICA: WHAT KIND OF REMAINDER?

The intensity of the social, economic, and political problems in our large urban areas and the seemingly geometric rate at which they become more acute have so monopolized the attention and energies of our nation that we have been diverted from and even allowed ourselves to become inured to the problems left behind in the small towns and rural counties. The level of poverty, lack of services, scarcity of jobs, inadequate cultural and educational opportunities, and lack of hope for many of the people left behind in the cutover, strip mined, automated farming, and mechanized mining areas of our country constitute the frequently neglected other side of the coin. As previous analysis noted, the numbers of people who find themselves isolated in this condition constitute a disproportionate sector of the rural population but they are not numerically as great as their counterparts in the urban slums and ghettos. Moreover, while many have left and continue to leave, there are some signs that this out-migration is tapering off—and this despite the fact that over 15 million rural people fall below the poverty level. Put another way, the "pull" of greater urban opportunities and the "push" of poor rural condition's may have combined or operated separately to produce a rural out-migration. But, at present, neither motive seems to be very influential among the destitute in these areas.

Although the areas where these conditions prevail exist throughout the country, they are concentrated in certain places. If poverty is taken as an indicator for the existence of the other conditions, much of the rural South can be identified as an area of concentration particularly Appalachia, the Coastal Plain, the Ozarks, the Black Belt of the old South and Mexican-American concentrations along our southwestern border. New England and the Upper Great Lakes areas also contain concentrations of rural poor as do the Indian Reservations in the Southwest and the upper Great Plains.

We have already noted the disparities between rural and urban areas with reference to educational and medical facilities and services, housing, living standards, and personal income. Rural disadvantages and lack of opportunity can be identified in still other ways. Rural governmental institutions are frequently unable to provide the type of public services needed. They were originally designed to deal with less acute problems in an age of greater self-sufficiency. They can adjust only with difficulty to declining population. Local government expenditures per person in such areas are disproportionately high for what are frequently inadequate levels of service. Furthermore, the small local governments are frequently ill-equipped to undertake the planning and development activities necessary to overcome their handicaps. New areawide structures and reorganized local governments are slow to emerge, reflecting a lag in the adjustment of traditional social and political institutions.[25]

Particularly tragic is the fact that in the types of productive activity from which assistance could come other disparities exist. Employment in agriculture, forests, mines and fisheries is declining faster than the opening up of new jobs in manufacturing and service industries within rural areas. The unemployment rate thus is much higher than the national average, but available public employment services are not adapted to providing the counseling, training, and placement assistance which is necessary for the rural unemployed or underemployed to find jobs suited to their capacities. Furthermore, the supply of capital in rural areas as measured by commercial bank deposits and local government debt is lower than in more urbanized areas thus severly limiting opportunities for attracting industry.

The impact of these disparities in rural areas is two edged. Those who leave and migrate to the already overcrowded metropolitan concentrations, although generally the more ambitious and better equipped, still have difficulty adjusting to urban living and job requirements and frequently intensify existing urban problems. The continuing exodus of population and economic activity makes even harder the lot of those who are left behind and renders more difficult the task of making adjustments in governmental and social institutions and providing economic and educational opportunities.

Most of the developments giving rise to the disparities in rural America are directly or indirectly the byproducts of urban and economic growth. Yet will these same forces ultimately reduce and eliminate the rural gaps? Some believe so; others are skeptical; while still others deny the possibility. In any event, to date neither the market place nor governmental programs have done much to correct this situation.

THE BURDENS OF SPRAWL

Much of today's urban expansion takes place in scattered, needlessly separated developments—a process that some see as an expensive struggle between Americans and their landscape. The problems of sprawl, briefly discussed in Chapter I, are basically those of scattered, unrelated urban growth.

Yet caution must be used in applying to specific situations words—like sprawl—which have gained pejorative connotations. Sprawl must be viewed as the total flow of urban development, not solely a given spreadout pattern. The undesirable features of sprawl result from a combination of the timing, sequence, and specific type of development. Sprawl is also the product of many other factors including public indifference and actions as well as inaction of the various levels of government. Ineffective or nonexistent land-use regulation by local governments, State non-involvement in urban and regional development problems, and certain Federal programs (FHA mortgage insurance and the federally assisted highway program, for example) have all encouraged this wasteful pattern of urban scatteration.

A major distinguishing feature of sprawl is the leapfrogging, discontinuous nature of much current suburban growth. Areas are bypassed for a variety of reasons including unavailability of large enough plots with clear title, spiralling land costs, and inaccessibility to transportation. This type of development is not necessarily bad. Moreover, it can be argued that suburban residents are willing to pay the cost of sprawl for the type of low density, dispersed housing that results and that is why it takes place.

Nevertheless, a number of identifiable disadvantages result from sprawl. The provision of public facilities can be more costly. Roads, utility trunk lines, and other facilities have to be extended over longer distances and in patterns which are not necessarily the most economical. Unnecessary branches and stubs of main trunk lines for sewer and water, for example, may have to be provided. Furthermore, in building the main trunk lines for a sprawling pattern of development, it is harder to anticipate ultimate demand. This may result in the construction of too small lines which must be replaced or supplemented or too large lines representing an unnecessary investment. A too widely dispersed pattern of development increases the cost of commuting to work in fares, time, and highway facilities. This is a particular burden for low-income workers when inflated land values preempt for higher cost housing what might be the most advantageous locations for commuting by mass transportation. Similarly, accessibility to schools and shopping is hampered. It is more difficult to assess the esthetic impact of sprawl—this may be largely a reflection of personal taste. Certainly strip commercial developments with their billboards, neon signs, and used car lots and the neglected, by-passed tracts of land create some of the most unattractive characteristics of the "slurbs."

On the other hand many argue that planned, large-scale development relating to the surrounding countryside, to open spaces, and to transportation corridors can avoid many of the problems usually identified with sprawl. Bypassed areas can be held as open space until they are developed and strip commercial development can be avoided by careful planning of shopping centers. The history, problems, and prospects of large-scale urban and new community development will be explained at length in the succeeding two chapters.

Meanwhile perhaps the best way to crystallize our thinking about sprawl is to focus on the question: Should the 115 million Americans that will be added to our population between now and the end of the century be thrust into the same kind of largely uncontrolled urban environment as that in which most of us live? Critics of sprawl and advocates of new large-scale urban developments respond with a vigorous dissent and urge a vigorous intergovernmental program of positive action. Others also reply in the negative, but place greater reliance on the free market, changes in public attitudes, and innovative public-private ventures as the instigators of change.

SUMMARY OBSERVATIONS

At the outset of this portion of the report, the question was posed: What are the adverse consequences, if any, of continuing the present trend of urbanization? An answer to this question is necessary in order to decide whether a major shift is warranted in public-private policies affecting population movement and economic development, possibly involving use of new governmental tools of intervention and control.

The preceding analysis indicates that:

- In-migration to ghettos is not a primary cause of riots or other civil disturbances, but it does contribute to the heavy congestion characteristic of these areas.
- Sociologists and psychologists seem to find social and psychological damage from urban crowding, but there is no estimate of the scale of damage at different levels of population or crowding.
- No reliable estimates are available on the balance of social costs and benefits at various levels of urbanization.
- There is a tendency, at least in certain States for certain functions, for cities over 250,000 population to spend more per capita; within the private sector, the process of urbanization generally leads to higher consumption expenditures.
- Plant site location decisions are no longer strongly controlled by proximity to markets and supply sources; technological and communications advances have opened up more flexible alternatives.
- In the years ahead, smaller communities (below 50,000 in population) and the large urban areas (over 500,000)—for a variety of reasons, including the trek of business to the suburbs and the urban fringe—will have difficulty in providing enough

jobs to meet the needs of their residents, let alone those of any in-migrants.

- The remaining rural population generally and its large component of poor specifically have reaped few of the rewards of urbanization and suffered many adverse consequences: economic activity has declined; many of the most talented have left; and for many there has been steady erosion of the desire to move as well as desire to improve conditions at home.
- Although the costs of sprawl as a pattern of urban development cannot be quantified they cannot be ignored nor can the serious qualitative questions raised by critics.

These conclusions clearly raise questions regarding the appropriate role of government in influencing and guiding future urban growth in the United States. In the nature of things the role of government cannot be neutral since failure to act in itself has an impact. Furthermore, virtually all governmental action affects urbanization directly or indirectly, intentionally or unintentionally. The complexities of the interrelationship between the public and private sectors in setting urban patterns are brought into sharper focus by efforts to rationalize and improve our urban environment through large-scale, planned developments designed to provide a range of living, working, and recreational opportunities with a meaningful relationship to one another and to the surrounding countryside.

The next two chapters of this report describe and analyze the experience with one of the most highly integrated techniques for doing this—the building of new communities from the ground up. The opportunities they present for more fully realizing the benefits of urban life for everyone are examined. A number of problems encountered in realizing their potential and a number of alternative patterns of large-scale development also are described. The final chapter brings together several approaches to meeting the challenge of urban growth and presents the Commission's recommendations. The need for an urbanization policy with Federal, regional, State, and local components is presented along with suggestions for some elements of such a policy, including measures for influencing industrial location and population movement, for encouraging and guiding new community and other large-scale development, and for equipping State and local government to deal with urban growth.

Footnotes

[1] *The Negroes in the U.S.,* U.S. Department of Labor, Bureau of Labor Statistics, Bulletin No. 1511, June, 1966, p. 15.

[2] *Congressional Record,* October 11, 1967, p. A 5030.

[3] Richard Wertheimer, Office of Economic Opportunity, memorandum on "Rural-To-Urban Migration: Implications for Government Policy," September 15, 1967, pp. 1–2.

[4] Marquis Childs, "New Jersey's Riots and New Problems," *The Washington Post,* August 9, 1967.

[5] See ACIR, *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs,* (January 1965) *Fiscal Balance in the American Federal System,* (October, 1967).

[6] Statement of Secretary of Agriculture Orville L. Freeman at a Symposium on "A Nation's Policy for Its Future," American Institute of Planners Fiftieth-Year Conference, Shoreham Hotel, Washington, D.C., October 6, 1967, p. 5.

[7] Leo Levy and Harold M. Visotsky, "The Quality of Urban Life: An Analysis from the Perspective of Mental Health," in U.S. Congress, Joint Economic Committee, Subcommittee on Urban Affairs, *Urban America: Goals and Problems,* 90th Congress, 1st Session, August, 1967, pp. 101–105. For a bibliography on sociological and psychological studies of the effects of high population densities, in *ibid.*, see pp. 108–112. Also see Edward T. Hall, "The Hidden Dimension," *ibid.,* p. 10.

[8] Louis Wirth, "Urbanism as a Way of Life," reprinted in Paul Hatt and Albert Reiss, Eds., *Cities and Society* (Glencoe, Illinois: The Free Press, 1957).

[9] Harvey S. Perloff and Royce Hanson, "The Inner City and a New Urban Politics," in *Urban America: Goals and Problems*, op. cit.. p. 163.

[10] Oliver C. Winston, "An Urbanization Pattern for the United States: Some Considerations for the Decentralization of Excellence," reprinted in *Congressional Record*, October 10, 1967, p. S 14506–7.

[11] *Ibid.,* p. S 14507.

[12] Ian L. McHarg, "Man and Environment," in *Urban America: Goals and Problems, op. cit.,* p. 49.

[13] Regional Plan Association, *The Region's Growth, A Report of the Second Regional Plan* (New York, 1967), p. 20.

[14] *Ibid.,* p. 19.

[15] Werner Hirsch, "Community Size: Forces, Implications and Solutions," in *Urban America: Goals and Problems, op. cit., p.* 47.

[16] Roger Revelle, "Pollution and Cities," in Chamber of Commerce of the United States, *The Metropolitan Enigma;* ed. James Q. Wilson (Washington, 1967), p. 85–86.

[17] *Ibid.,* p. 87.

[18] *Ibid.*

[19] Regional Plan Association, *op. cit., pp.* 21–22.

[20] *Urban America: Goals and Problems, op. cit.,* p. 114. See also Percival Goodman, "The Concept of Community and the Size for a City," *ibid.,* p. 62.

[21] Regional Plan Association, *op. cit.,* p. 22.

[22] *Congressional Record,* February 6, 1967, p. S. 1534.

[23] Paper presented on Eighth Annual Conference Center for Economic Projections, National Planning Association, April 28, 1967, reprinted in *Congressional Record,* May 19, 1967, pp. S. 7164–7167.

[24] *Ibid.,* p. S 7165.

[25] The President's National Advisory Commission on Rural Poverty *The People Left Behind* (Washington, D.C.: The Superintendent of Documents, September 1967), p. 104.

Chapter IV

New Communities in America and Their Objectives

WHAT HAS BEEN CALLED the "uban-development critique" [1] has led to the discouraging conclusion that in the growth of urban America pressures of necessity and expediency have ruled, producing a series of uninspired cities and towns put together in response to immediate needs with all too little attention to ultimate goals and a satisfying human environment.

- We are given a picture of uninspired gridiron streets rigidly superimposed on the countryside with a minimum of adaptation and flexibility to accommodate natural contours or human needs.
- More recently, we get the picture of endless tract houses and ribbon commercial and retail establishments encroaching upon the fields and meadows in a random pattern—leveling trees, hills and anything that stands in the way of the bulldozer.
- This is the stereotype of broad, spreading "slurbs" flowing across the landscape around our cities.

While this view is overdrawn, there unfortunately is enough truth in it to cause ample concern. However, it is well to remember that throughout all of our history, drawing on our European heritage as adapted and accommodated to a new frontier, there have been a series of notable efforts to produce a more desirable urban environment. In particular, one reaction to the problems of urban sprawl has been the attempt to achieve planned, orderly urbanization patterns through the development of "new towns" and "new communities."

What are some of the opportunities that the building of new communities holds for the Nation? Some of the potential can be realized by any well-planned, carefully superivsed large-scale urban development responsive to market needs and preferences and to broader social goals and objectives. Yet, the planning and development of a total community provides a greater opportunity to realize the potential of large-scale urban development.

Our soaring population and its increasing urbanization create major problems and unusual opportunities. Existing obsolete houses, apartments, factories, and office buildings must be rehabilitated or replaced, and a major building effort will be required to provide adequate new construction for the expanding population. Conventional means will fill much of this demand. Vacant spaces in existing metropolitan areas will be filled. Some older cities will grow by gradual annexation, and new incorporations will take place.

Increasing attention to the formulation of new land-use control and development techniques, improved zoning and assessment procedures, areawide cooperation and planning, modernization of building codes, and support of building construction research reflects a determination to seek the adjustments necessary to meet the new demands. This development, however, will take place within the existing metropolitan framework of densely populated central cities with their growing proportion of low-income families, of a ring of middle- and upper-income suburbs surrounding the cities, and of an increasing proportion of new industrial construction in outlying areas and movement of existing industry out of the central city.

The building of entirely new communities can provide an alternative to this pattern in two ways. A "satellite new community" on the edge of a metropolitan area can provide a balanced, well-planned municipality, including a range of life styles and housing types, and it can provide or be readily accessible to employment opportunities. On the other hand, an "independent new community" can bring urbanization entirely outside the orbit of existing metropolitan concentrations. Such communities can be self-contained or located near job opportunities as part of an areawide economic and development and urbanization policy. In either context, they can furnish alternative destinations for persons displaced from farming, mining, lumbering, and other resource-oriented occupations which no longer require the manpower formerly needed. They can also provide alternatives to others seeking new locations because of unemployment, job dislocations, urban renewal, and personal preferences.

New communities can be an important element of a national urbanization policy geared to developing new urban growth patterns outside of the existing major urban complexes. With increasing speed and ease of communication and travel, changing patterns of transportation, and altering relationships between raw materials, finished product, and market, many of the earlier determinants of urban settlement are no longer relevant. Technological and industrial advances have served to expand the opportunities for the location of urbanization and to open up additional choices. The building of new communities can help to capitalize on these opportunities.

This section of the report will deal with an analysis of the principal trends in the development of new communities. Specifically, the following will be considered: (1) the European experience with new towns and new communities; (2) case studies illustrating major stages in the American experience; (3) the implications of the European and American experience; (4) the nature and extent of recent new community development; (5) the planning, financing, and governing of new communities; and (b) the objectives and problems of new community development. As a basis for such analysis, it is first necessary to distinguish between the terms "new towns" and "new communities."

"NEW TOWNS" AND "NEW COMMUNITIES" DEFINED

With the growing interest in "new towns" across the nation, the problem of clearly defining what is meant by the term has become acute. Since the term carries with it an aura of particularly pleasant and desirable living, with few of the frustrating problems of the older metropolises, "new towns" has frequently been used as an advertising slogan. At the other extreme, it has been used, occasionally in a rather doctrinaire fashion, by some planners, architects, and urban specialists to describe a specific type of new, independent, and self-sufficient community or city. Between these two extremes, the term has been applied to a wide range of urban developments having a number of different objectives. Clearly, not everything that is called a "new town" is a new town.

The prototype of the concept of "new towns" in their purest form is found in Europe, particularly in the United Kingdom. The British use of the term is significant, because of the influence of their experience and because British goals, policies, and practice provide norms with which other more limited approaches can be compared.

Without attempting a legal or in any sense "official" definition, it is possible to identify a number of distinguishing features which constitute a synthesized description of "new towns" in the British sense. Such a description reflects both the early Garden City concept of Ebenezer Howard and subsequent developments in England under the New Towns Act of 1946.

In these terms *a New Town is an independent, relatively self-contained, planned community of a size large enough to support a range of housing types and to provide economic opportunity within its borders for the employment of its residents. It is large enough to support a balanced range of public facilities and social and cultural opportunities. It is surrounded by a green belt of open space which serves to relate it directly to the surrounding countryside and to limit its size within a predetermined range regarding both population and area. Within reasonable limits the proportions of the total area to be used for industrial, commercial, residential, public facilities, and open space are specified during the planning process. The desired density of population overall and its relationship to open space are also provided for. New Towns are started on previously undeveloped land and are built by staged development over a period of time.*

To clarify this definition, it is well to keep in mind the general objectives sought in the design and execution of new towns in Europe. The new town program was undertaken initially to relieve population pressures in intensively built-up metropolitan areas by reducing the concentration of population and places of employment, while allowing rebuilding of existing central cities. A complementary objective was to provide a pattern of urbanization based on employment opportunities in expanding industries located in depressed and underdeveloped rural and agricultural areas that were losing population to the large cities.[2]

There are two principal types of new towns: *independent* new towns, which are remote from existing sites; and *satellite* new towns, which are within the social and economic orbit of an existing metropolitan complex.

In the United States, there have been no independent new towns in the strict sense. Historically, the closest approach involved specialized communities, built in connection with atomic energy or hydroelectric installations—such as Norris, Tennessee; Boulder City, Nevada; Los Alamos, New Mexico; and Hanford, Washington. These have had a single economic base and have generally not provided a wide range of housing types. They are too specialized then to meet the general definition. Lake Havasu City, under development in western Arizona, provides the only current example of a new community approaching the British in character if not in size.

The bulk of American experience then has not been with "new towns" but rather with planned "new communities" that are accessible to jobs and industry and that provide housing, some retail and commercial facilities, and may provide for some light industry, but not necessarily a diversified economic base. The "new communities" being built in the United States today are characterized by their scale of development, the management arrangements for their development, and their comprehensive and inclusive original plan. For purposes of this report, *"new communities" are large-scale developments constructed under single or unified management, following a fairly precise, inclusive plan and including different types of housing, commercial and cultural facilities, and amenities sufficient to serve the residents of the community. They may provide land for industry or are acessible to industry, offer other types of employment opportunities, and may eventually achieve a considerable measure of self-sufficiency. With few exceptions, new communities under development today are within commuting distance of existing employment centers.*

Of particular significance is the idea of an initial plan incorporating the ultimate geographic area of the community and providing for a predetermined population size. The effort to provide facilities and amenities at an early stage of development rather than as a response to population pressures is characteristic. Development on previously vacant land in unincorporated areas or by so expanding existing small municipalities as to be outside the normal process of subdivision or tract development is also typical.

The projected total acreage and population of new communities are other distinguishing characteristics. It should be recognized that the size and population necessary to sustain a meaningful new community development will be largely influenced by variables such as topography, climate, population densities, the type and character of development, and the intensity of surrounding urban influence. The question of size, however, merits special attention. One assessment concluded that it seems reasonable to assume that with a tract of 1,000 acres or more a developer will tend to prefer the new community method of operating. An expected population of 10,000 might be taken as a practical minimum.[3] Eichler and Kaplan in their survey of California and the Washington, D.C., metropolitan area found that the smallest new community involved 2,600 acres, planned for approximately 35,000 people, living in 11,000 houses and apartments. Concerning California's experience, they concluded that a "typical new community" would be 10,000 acres for 100,000 people.[4] Table 41* provides illustrative examples of the acreage and projected population of a number of new communities.

Historically, a number of communities in the United States merit the designation of "new community," although initially they were thought of as "planned communities." These included privately built real estate developments and company towns, publicly built or assisted defense industry towns or hydro-electric project towns, and such social experiments as the Depression era greenbelt towns. Following World War II, they included new community developments which were primarily a response to an unprecedented housing demand built up during the Depression and War periods when scarce funds, materials, and manpower curtailed construction. This demand was intensified by the post-war increase in marriages and spiralling birth rates. These developments are typified by the Levittowns and Park Forest, Illinois—in short, by satellite (i.e., suburban), planned new communities that concentrated on middle-income housing and shopping centers and that were entirely dependent upon surrounding industrial and commercial opportunities for employment.

More recently, several factors have combined to generate a conscious effort among developers and investors to create new communities. The continuing population growth accompanied by greater recognition of a long-term replacement backlog—dating back to the twenties—have resulted in a sustained demand. Moreover, criticism has arisen of existing patterns of urban development—of standardized, unimaginative houses, urban sprawl, long trips to work over crowded highways, and increased congestion in older cities. Sustained prosperity for the longest unbroken period in our history has provided an increasingly larger proportion of the population with means to purchase added amenities. The result has been a new awareness of the potential of planned new communities to provide a more satisfactory or at least different pattern of urban living. The major objectives of contemporary new communities are to provide better planned housing with services, facilities, and amenities either not available or only available at a much later time in conventional tract subdivisions. As such, they constitute an urban development approach and a marketing device, which holds promise of significant social and economic contributions.

THE DEVELOPMENT OF NEW TOWNS AND NEW COMMUNITIES

The development of new towns and new communities occurred both in Europe and in the United States. A needed historical perspective is provided by a recent book commenting on one of these early new towns.

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*See p. 78.

> The term, "New Towns" is once again heard in America, but it seems to have acquired a European overtone, perhaps because of the New Towns that have been set up in England, Sweden, and Finland among other places since the war in an attempt to house the increasing populations of major cities in separate self-sustaining communities rather than in dormitory suburbs. Even among some architects and planners the impression has spread that New Town is not exactly a hundred percent American. Such chauvinists ignore their own history for nothing could be less foreign or more a characteristically American "mix" (to use a planners term) of Anglo-Saxon tradition, Puritan sentiment, capitalistic enterprise and pioneer communism than the New Town that was established in 1638 at Sudbury (Massachusetts).[5]

Before proceeding to an analysis of the objectives and problems of new community development, it is advisable to review the European experience and to examine in detail the various types of planned community development attempted in the United States.

THE EUROPEAN EXPERIENCE

Several European countries have had considerable experience with planned new communities designed to accomplish social and economic objectives as part of a national policy. As might be expected there have been a wide variety of governmental and private institutional and financial arrangements used in the development of these communities. The British new towns program, for example, was undertaken to accomplish the dispersion of population away from London and is administered by nationally chartered new town corporations. In Stockholm, Sweden, on the other hand, a greater role was played by private enterprise operating within a national plan and policy. In the Netherlands, new town development is part of a highly centralized urban development and land-use control program.

While the European experience has taken place in countries with governmental organization and traditions different from ours and with more limited land area for urban expansion, there are significant lessons and insights to be gained from them.

GREAT BRITAIN

The growth of cities in Europe during the last two centuries has proceeded more rapidly than any time since the 12th and 13th Centuries, when the historic towns of medieval Europe were taking form. Many older cities, which once met the requirements for a high urban culture, had become crowded, unsanitary, confused and inefficient. While sporadic efforts were made to resolve certain of these conditions, there were no attempts to achieve total improvement, to alter the methods of city growth, or to form a new urban pattern. There was no conception of a new form for the city which would utilize the facilities of modern technology without sacrificing the social advantages of the history city. Ebenezer Howard was uniquely able to propose and gain acceptance for such a concept and see it put into practical application.

Howard's book, *Garden Cities of Tomorrow* (first published in 1898 as *Tomorrow: A Peaceful Path to Reform*) has, in the words of Lewis Mumford, "done more than any other single book to guide the modern town planning movement and to alter its objectives." [6] Howard believed that the continued expansion of the large city would merely result in more congestion, and not necessarily in a higher level of social and cultural life for the majority of its residents. In seeking to relieve the congestion of London while retaining for his model community the cultural and social advantages of an urban center (thus combining the best attributes of both urban and rural settings), Howard based the plans of his proposed "garden city" on permanence through long-range planning and balanced growth.

Four fundamental principles governed Howard's concept of the new town or "garden city": (1) limitation of population and area, (2) growth by colonization, (3) variety and abundance of economic and social opportunities and (4) control of the land in the public interest. As envisioned by Howard, the "garden city" was a compact, rigorously-defined community protected from encroachment by a surrounding greenbelt and autonomous through the provision of industry to furnish nearby employment for workers. Eventually, it would possess all the social-cultural advantages of a great metropolis through regional groupings of garden cities into "social cities." The decentralization of city functions into the urban fringe would eliminate the physical and social dichotomy between the city and its rural countryside. Howard believed this type of areawide development would halt disorderly growth and resultant congestion. With the expanding population channeled to new towns, the center of the city could then be reconstructed along more amenable lines.

As Lewis Mumford has pointed out, not all of Howard's ideas were original. In essence, he synthesized the ideas of the early utopians like Kropotkin and Charles Fourier, and assembled them in a practical package. However, "what was significant about the garden city was not the mere presence of gardens and open spaces! What was radically new was a rational and orderly method for dealing with complexity, through an organization capable of establishing balance and autonomy, and of maintaining order despite differentiation, and coherence and unity despite the need for growth. This was the transformative idea." [7]

One year after the publication of his book, Howard helped found the Garden City Association (since renamed the Town and Country Planning Association). Its basic purpose was to demonstrate the feasibility of Howard's idea by actually building a garden city in England.

The First Garden City, Ltd. was formed by a group of leading citizens to build a new city in Letchworth. Investors viewed the scheme as risky and the company found it difficult to raise the necessary capital. Since the site was completely undeveloped, the necessary roads, sewers, water and electric facilities had to be installed. The company did no actual building, but encouraged homeowners, industrialists, and retailers to build on leaseheld sites. In this first modern new town, we see the problems that were to plague many, if not all, of the new town developers on both sides of the Atlantic. Despite its early difficulties, however, Letchworth eventually succeeded. As Frederic J. Osborn and Arnold Whittick explained:

> It demonstrated that a town based on modern industry can be economically and socially viable, even if built well out of the immediate sphere of a metropolitan center.[8]

In 1919, Howard joined forces with a new group to embark on a second demonstration of his garden city idea. Like Letchworth, the site planned for Welwyn Garden City was undeveloped land lacking basic public facilities. There was little public enthusiasm and poor financial backing for the proposed town. In contrast to Letchworth, however, the company planned to monopolize enterprises that were expected to produce a profit. The company's refusal to grant long-term leases to retailers made it difficult to attract commercial enterprises. As a result, it was forced to set up its own department store. This produced a sharp reaction from the new residents.

The company displayed notable success, however, in maintaining sufficient architectural control to foster a high quality of building and landscape design. Like Letchworth, the developers did not build a mere suburb, but a self-contained industrial community where 90 percent of the residents found employment. In these two respects, it must rank as a model of town planning.

While by the late 1930's Letchworth and Welwyn were comparatively prosperous towns, in this period there was no new private or governmental movement to develop additional new towns. Toward the end of the Second World War, however, interest in new towns was regenerated, mainly as a result of Sir Patrick Abercrombie's *Greater London Plan* (1944) and the Reith Committee reports (1946). The latter's recommendations for government aid in the development of additional new towns received Cabinet support, resulting in the enactment by Parliament of the New Towns Act of 1946.

This legislation gave authority to the Minister of Town and Country Planning (now the Minister of Housing and Local Government) and the Secretary of State for Scotland to designate land area in their respective geographic jurisdictions as sites for new towns and to appoint development corporations to be charged with planning and implementation.

Development corporations are composed of leading citizens of varied backgrounds. Each corporation hires its own staff, and the Chairman of the corporation is directly responsible to the Cabinet Minister involved. The function of development corporations is to acquire the land, make the plans, and generally hire contractors to put up most of the houses and industrial plants. They also have power to build sewers and water facilities, when needed; but otherwise they do not do jobs normally handled by local authorities.[9]

Since World War II, new towns in Britain have been public projects. Their planning and development has been infused with and carried out pursuant to public objectives. While the government funds the development corporation with public loans, the key to its control is the "designation order," which serves as a functional land-use control and development mechanism by giving regulatory and developmental powers to the new town corporation.

Although the corporation is granted extensive developmental powers, it is not designed to replace and to act as a local authority or government. The local council continues to administer the normal local functions in the new town area. The local voice in the planning and development process, however, is limited to consultation with the local planning agency, which in turn can be overruled by the Minister. Moreover, the Minister retains control over the actual timing of development and construction through his power to approve or disapprove the master plan and each stage of its implementation.

As the first cycle of development reached its conclusion for some of the new towns in England and Wales, the Government passed new legislation (the New Towns Act, 1959) to define and regulate the future ownership of the new towns. This act did not apply to Scotland. It provided that upon completion of development, the Corporation would be dissolved and the new town handed over to a nationally appointed commission, to be known as the Commission for the New Towns.

This body assumes ownership and control of the new towns, and is charged with maintaining and enhancing the value of the land, in accordance with the purpose for which the town was developed. It may contribute toward the cost of providing amenities, but any financial surpluses shown by the town must be paid to the Government.

Provision was made for some decentralization of control. For example, the Commission, unlike the local development corporation, is subject to local planning controls. In addition, it must establish a local committee for the management of houses in a new town which has been transferred to it, and may, if it wishes, arrange for the committee to conduct other business on its behalf. Despite these two concessions and considerable independence in their day-to-day work, British New Towns are subject to direction by the central government from the time of their inception.

Since 1947, 21 new towns have been designated in Great Britain. Of these, Crawley and Hemel Hempstead have been reassigned to the Commission for the New Towns. The other 19 are still in the intensive development stage. At present, approximately 650,000 people out of projected population 1,354,000, reside in these new towns.[10]

The new towns have contributed to the solution of Britain's traditional problem of urban centralization. Instead of living in crowded cities or traveling long distances to work, the residents of these communities have been provided with a comfortable, healthy environment near their place of employment. In summarizing the growth of British New Towns, Lloyd Rodwin stated: "Experience with new town development in Great Britain and other countries shows that they are neither a panacea nor a failure. They are complex and increasingly valuable tools which planners can employ to stimulate development and to organize the physical environment." [11]

OTHER EXAMPLES

The accomplishments of smaller northern European nations in building new towns have been impressive, but they raise questions in the minds of many Americans because of the extent of government involvement. In the Netherlands, for example, the Amstelveen settlement, with a density typical of an American suburb, provides an excellent example of urban planning. The creation of southern Amsterdam and the building of Rotterdam provide some of Europe's best examples of modern city planning.

In Sweden, the orderly growth of Stockholm underscores the successful application of a deliberate municipal strategy. Anticipating expansion, the city of Stockholm acquired some 50,000 acres of land in its environs to accommodate future population. Pending such use, the land was reserved as a recreation and campsite area. Pursuant to its comprehensive plan for satellite development, the city has undertaken to build a ring of new towns and to extend rapid transit service to the new communities.

One of the best known efforts in new town building is Tapiola, lying six miles west of Helsinki, Finland. Tapiola is the work of the National Housing Foundation, a nonprofit organization created during the post-war housing shortage by a group of welfare and labor organizations who subscribed its initial capital. Since then it has been largely self-financing, although it has received the same housing subsidies as any nonprofit organization providing low-income housing. Most of the initial money was invested in land, and by American standards, its building operations have required large down payments from homeowners and loans at high interest rates. Tapiola's high planning standards, varied housing designs, sound industrial base, and amenities greatly strengthened its appeal to both white and blue collar classes, and this permitted the Foundation to surmount fiscal and other difficulties.

Developed over a period of nearly 15 years, the community has grown by increments sufficiently small and varied in design to enhance its initial, distinctive character. A sound comprehensive plan has also maintained unity and assured such systemwide features as district heating and an outstanding park plan. The message of Tapiola is clearly that a well-designed city—such as originally proposed by Ebenezer Howard —can be built today to accommodate a broad cross-section of the community. [12]

THE AMERICAN EXPERIENCE

The first settlers at the beginning of the 17th Century were concerned primarily with establishing a foothold and with surviving. Considering the odds against which they fought, it is surprising how early their attention was drawn to establishing planned new towns, as distinguished from simple fortified settlements. By the end of the century a quite sophisticated plan was developed and implemented for Williamsburg to serve as the colonial capital of Virginia.

As colonization spread westward across the continent, new villages, towns, and cities followed in its wake. Yet only rarely was the gridiron street, strip commercial development pattern broken as it was in the early Ohio planned community of Tallmadge, which was laid out around a rectangular village square with radial streets reaching out from it. Since all of the early pioneer forest and prairie towns were new in the same sense that the colonial settlements had been, the exceptions stand out mainly because of the quality and imaginative nature of their planning and execution. The antecedents of today's new communities were generally called "planned communities."

INDUSTRIALIZATION AND URBANIZATION

The course of industrialization in the United States destroyed or rendered irrelevant many features of the agrarian ethic and created the framework of today's urban development. Between 1840 and 1900, the massive influx into the newly created great cities erased the rural population predominance over urban centers and helped establish an industrial economy. Simple forms of government and haphazard community growth relevant to an agrarian economy, however, persisted well into the 20th Century, even though the problems of urbanization increasingly demanded attention.

Widespread recognition of the drawbacks of aimless urbanization and expansive growth has been slow in developing. The concept of a coordinated planning effort has been resisted by both private developers and government. American community planning generally has been characterized by unrelated efforts of individuals and groups.

Each attempt at urban planning, however, has provided its own responses to these problems. Lessons can be drawn from these experiences that should be considered by those who would propose a more thoroughgoing program of community planning in general and of new communities in particular. Despite the comparatively small number of community planning efforts, they constitute a vital part of urban development in the United States. In the following historical survey, attention is devoted to the main percursors of current new community development even though not all would meet a strict contemporary definition.

PRIVATE DEVELOPMENT AND PLANNING

Company Towns. In the evolution of planned communities in the United States, company towns stand out as the first major development, mainly because they were an initial outgrowth of the industrial revolution. The National Resources Committee's 1939 publication *Urban Planning and Land Policies* classified 52 of its 99 case studies of planned communities as company towns.[13]

Between 1830 and 1900 construction of these towns was at its height. However, as time went on, only a few could be considered well planned, largely because the promoting industries were concerned mainly with profits and the needs of the company rather than with experimental planning. Prior to the 1850's, this was not so much the case. For example, when obliged to employ female workers as a result of labor shortages, Francis Cabot Lowell's textile manufacturing company responded to New England social pressures by adopting a policy of company paternalism. In 1832, Lowell, Massachusetts, was constructed on a simple and functional plan that created a town of unique character admired by many foreign visitors. With the influx of cheap immigrant labor in the 1850's, Yankee millowners no longer felt the need to provide company town facilities.

The labor-management controversies following the Civil War industrial boom dampened any inclination favoring long-range planning considerations over short-run objectives in the construction of company towns. Developments such as Gary, Indiana, built by U. S. Steel on the south shore of Lake Michigan, are illustrative of company towns of this period. The development of Gary emphasized private incentive in home building, and included steel manufacturing facilities, railroad transportation, and public utilities. A. P. Melton, the chief planner, foresaw the development of a linear string of separate towns connected by railroad in the Gary region, but such development occurred rather less systematically than he expected and produced not a new community pattern, but a vast regional industrial sprawl.

Many industrial towns—Kohler, Wisconsin; Granite City, Illinois; and others—followed this pattern of unrestricted growth, with such resultant shortcomings as inadequate housing, street, and parking facilities. Yet, some company towns instituted important innovations in physical planning, financing, and services. The general faith of these industrialists in the economic viability of large-scale property operations encouraged later private developers to attempt similar projects.

Two of the most significant examples of company towns were Pullman, Illinois and Kingsport, Tennessee. Completed in 1884 as an "industrial park," Pullman featured cultural, educational, and athletic facilities provided by a large arcade and numerous playing fields. Housing varied with income and was above the general contemporary standards. All homes were on a rental basis, and all costs, including construction and maintenance, were charged against the generally high rents. The principal problem was the absence of democratic checks on the exercise of the authority of company agents and supervisors to conduct municipal affairs.

The development of Kingsport in 1915 marked perhaps the greatest advance in planning a company town. Its features included a diverse industrial base, an early planning body utilizing private zoning regulations, and initially a wholly democratic council-manager form of local government operating under a model city charter. However, the physical plan and the generally inadequate permanent zoning restrictions retarded the healthy, balanced development of Kingsport.

Generally, company towns have been a minor element in the American tradition of city planning. As John W. Reps has stated: "the history of these [industrial] communities provides few precedents that we would care to duplicate in the future. American industry, for all its success in production, singularly failed in its attempt to manufacture noteworthy communities." [14] Although many of the explanations of their failure or the causes of their success have little direct relevance to the problems faced by new communities today, in some respects the history of American company towns provides valuable insights into perennial problems in urban development. Their experience demonstrates the need to insure democratic participation by citizens in planning and administration as well as the advisability of joint business-governmental efforts.

Real Estate Communities. The failure of Pullman and other company towns to generate widespread public enthusiasm or to solve major problems of industrialization indicated the failure of paternalism alone as a means to those ends. The large-scale construction and planning involved, however, encouraged other private investors to initiate their own planned communities, albeit for entirely different purposes. The real estate communities were an attempt to create suburbs completely cut off from the industrial process. Through such action, their developers hoped to avoid the problems that had beset company towns.

Riverside, Illinois, established in 1869, was the first of the real estate communities, and attracted a population which stubbornly maintained Frederick Law Olmstead's original plan against the relentless urban growth of the Chicago transportation and recreation systems. Roland Park, a suburban section of Baltimore established in 1891, developed into a self-contained community endowed with unique cultural, religious, and educational facilities, and succeeded in sealing itself off from urban infringements by open space and a high stone wall. The Country Club District of Kansas City emerged in 1906 as a reaction to the industrial belt surrounding the city and attempted to insulate itself from urban growth by comprehensive deed restrictions. Forest Hills Gardens on Long Island, New York (1911), was intended by its developers to be a striking example of a profitable business enterprise and of a comprehensively planned real estate development. It proved to be the most successful of all communities here considered. Finally, Palos Verdes Estates of Los Angeles County (1923) was the most complete expression of community development by business incentive. Owners of securities of the trust indenture were permitted to either retain their securities for speculative purposes or to exchange them for land at cost price. It should be noted that all of these developments except the Country Club District were planned by Frederick Law Olmstead, Sr. or by the firm of Olmstead Brothers. The District was developed by the Sage Foundation.

Unique planning features and comprehensive protection deed restrictions—characterized by stability of land-use, separation of residential and business areas, and a continuous planning function—make these real estate communities significant improvements over the company town idea. In addition, they avoided two of the major shortcomings of company towns. First, while the industrial developments had been paternalistic "bordering on the dictatorial," the real estate communities were largely selfgoverning. Second, these communities proved to be fertile ground for the development of a "sense of neighborhood," a "community spirit" so obviously lacking in the later company towns.

Yet, these benefits were purchased at a price which precluded broader application of these developments to the problems of expanding urbanization. The major feature limiting their contemporary relevance was the cost of their construction and subsequent maintenance. Such an investment involved a risk that only financially strong industrial corporations were able to accept. It ultimately precluded any but upper-income housing and thus prohibited a "mix" of citizens differing in social, financial, or ethnic status. Furthermore, in some cases (notably at Palos Verdes Estates) the contradiction between the management's genuine desire to strengthen citizens' participation in policy development and the individual homeowner's personal desire for speculative investment through the sale of land and securities promoted administrative confusion and vacillation. As in the industrial communities—although to a lesser extent—profit rather than long-range public benefit became an inescapable objective. Beyond these drawbacks lay the basic fact that a flight to suburban safety merely ignored, rather than relieved, urban problems of congestion, transportation inefficiency, and inadequate industrial location.

These early suburban developments demonstrated the possibility of large-scale private sponsorship of planned communities. However, neither industry, seeking integration of industrial capacity into planned communities through paternalism, nor private real estate developers, seeking exclusion of industrial capacity through rigorous controls and the profit motive, were able to provide a practical general alternative to unrestricted urban growth.

Garden Cities. The impact of the Progressive political movement at both the national and State levels contributed in the two decades following 1910 to an increased public acceptance of a positive governmental role in the economy and in promoting limited social objectives. Yet, even with the growing awareness of certain urban problems and the increasing popular willingness to sanction a governmental role, efforts to plan new developments or to adopt and publicize innovative theories of community structure were undertaken by individuals having neither enthusiastic public support nor effective communication with their fellow planners. Only the housing shortage of the twenties increased public awareness of community planning and of new towns as a potential channel for expanding urbanization.

Clarence Stein, a planner for the New York Commission for Housing and Regional Planning and for the Regional Planning Association of America synthesized many previous American experiences in planning and gave direction to future planners through his evolution of a program designed to create new towns in America. His theory, which came to be known as the Radburn Idea, was one of the most important milestones in the history of American community planning. It was drawn in part from European experience, yet was wholly native in its proposed solution to problems of urban deterioration and disorderly suburban growth.

The major component in the formulation of the Radburn Idea was the work of Ebenezer Howard. Howard's theories concerning the development of garden cities, presented earlier in the chapter, substantively influenced Stein and through him, all subsequent American community planning.

The other major influence on Stein was the work of Clarence Perry. Perry hypothesized that the total community should be planned as a series of separate neighborhood communities and a common community center linked together by pedestrian thoroughfares separated from those for traffic. Such a settlement of completely integrated neighborhoods, Perry reasoned, could bring to within walking distance a common meeting place for all community inhabitants, with resulting social benefits.

To these two theories, Stein added his own pragmatic justification for the development of new communities. He was convinced that the standard urban growth pattern was overly expensive—due to such invisible costs as lack of accessible recreation facilities and transportation congestion, and that large-scale financial investment over long periods of time, as well as a long-range flexible planning process, could support the building of a town of substantial population, democratically administered, and having a high level and wide range of municipal services. Such community characteristics would eliminate the type of financial arrangements which had supported previous company towns and real estate developments. He suggested that limited dividend corporations or organs of government might serve as sponsors of new communities. Stein, ". . . sharply challenged the traditional assumption that government's role in housing was limited to the enactment of minimum standards legislation. Throughout the 1920's, the [Regional Planning Association of America] pressed for the establishment of financial mechanisms to channel government capital into the housing market. . . . Complaining of a continued scarcity of private capital for housing purposes, Stein's [New York State Commission of Housing and Regional Planning] recommended municipal loans, public housing, and a constitutional amendment authorizing State housing credit." [15]

Such financial backing would make middle- and low-income housing feasible for planned communities. Moreover, Stein's objectives extended the scope of his communities beyond those of the industrial towns. His planning theory assumed that the unusual design of the new town required an unusual form of legal framework to organize and maintain the community. Planning was seen as a social process, rather than as the formulation of a physical objective and the mobilization of existing resources to attain that goal. If a plan was an integral part of social organization, it would possess vitality; if not, it was lifeless whatever its technical merits.[16] These principles were reflected in four communities which were planned by Stein—Sunnyside Gardens, Radburn, Hillside Homes, and Baldwin Hills Village.

Sunnyside Garden Apartments, a planned neighborhood in New York City, was constructed between 1924 and 1928 and served as the first expression of Stein's planning and social objectives. The preservation of open space through interior parks and gardens, and the use of the "superblock", with its vital community spirit, represented to Stein an important step towards the construction of a complete garden city. What initial and continuing success the community possessed was made possible by the availability of transportation, by rapid, large-scale construction minimizing carrying charges, and by community self-government. Stein had expected that the economics of low-interest capital financing, rapid construction, and centralized purchase and management would offer both a superior residential environment and a substantial reduction in costs. However, in the end Sunnyside houses were more expensive than those provided by speculative developers, because the 6 percent dividend rate was too high to serve the needs of low-income workers (thus preventing the social-financial mix which Stein had sought) and because overhead costs made competition with the speculative builder difficult.

The establishment of Radburn, New Jersey, in 1928, was an attempt by Stein and Henry Wright to build a true garden city. In this respect, it is one of the major experiments in the history of American urban development. The plan was essentially that of

Sunnyside but executed in a nonurban and vastly expanded setting. It utilized superblocks, roads for specialized uses separating pedestrian and motorized travel, and central parks, although it did not include Howard's greenbelt or ties to nearby industrial facilities. Radburn suffered more intensely from financial difficulties than had Sunnyside. Stein himself concluded that unless insurance companies or endowed foundations provided capital assistance in reducing the load of overhead expenses, government cooperation would be essential in taking and holding land, in financing essential utilities, highways, and low-income housing, and in constructing public facilities.

Hillside Homes, New York, continued the tradition of Sunnyside as an apartment complex utilizing indigenous open "green space" within a built-in urban area. It was an example of the governmental financial assistance Stein had earlier recommended, with Federal financing being offered first by the Reconstruction Finance Corporation and subsequently by the Public Works Administration. The full recovery of costs and a vacancy rate of less than one-quarter of one percent in its first 14 years provide an indication of the combination of circumstances necessary to reach a break-even point.

Constructed in 1941, Baldwin Hills Village, located in Los Angeles County, was the last of the communities planned by Stein. It represented the most complete expression of the Radburn Idea. As with Hillside Homes, only government financial assistance, in the form of Federal Housing Administration insurance guarantees, permitted construction of the development. The long-term equilibrium of the community—as demonstrated by the 100 percent occupancy since establishment—illustrates the role that government assistance can play to lessen carrying charges and market pressures during the necessarily extensive planning period. On the other hand, the gradual stabilization of the age and income levels to a mature upper-middle class group indicates that to insure a "mix," a planned community must be large enough (Baldwin Hills has only 1,170 tenants) to accommodate different kinds of living preferences.

The urban design features of the Radburn Idea and the appropriateness of cost analysis as a planning technique are the major legacy of these efforts of the mid-1940's. Experience in other critical areas—notably those dealing with problems of incorporation, unified administrative control versus democratic participation, maintenance of a continuous planning process, the use of a deed restriction process, and the level of community services provided—was much less conclusive. The major problem confronted, that of financing new developments, revealed that many vital aspects of new community development—such as low-income housing, long-term planning, and large-scale land assembly—may depend upon financial support from the government.

GOVERNMENT COMMUNITIES—INTRODUCTION OF THE FEDERAL ROLE

World War I—U.S. Shipping Board Communities. Direct Federal sponsorship of comprehensively designed residential developments began with the October 1917 recommendations of the Advisory Commission of the Council of National Defense in response to severe war industry housing shortages. In March 1918 Congress enacted the necessary housing legislation and appropriated an eventual total of $175 million—$75 million to the Emergency Fleet Corporation (EFC) of the United States Shipping Board and $100 million to the United States Housing Corporation (USHC) through the Labor Administration —for the creation of permanent homes and communities. Absolute control in these projects was maintained by the government, with the USHC building and administering its communities directly, and the EFC maintaining complete control over rental, design, and management policy.

Following Great Britain's precedent in war housing, these communities all relied strongly on the principles of the garden city: curvilinear functional streets favoring natural topography, ample open space, easily accessible community centers, attractive row housing, and the general sense of an overall community plan. The Armistice of 1918 brought curtailment of all work of the Corporation except on projects already begun. In just five months of actual operation, however, the USHC built some 25 developments and made detailed plans for another 55.[17] Certain of the problems involved in this approach were apparent in the disposition of the communities of Yorkship Village, New Jersey; Noreg Village, Pennsylvania; and Cradock and Hilton, Virginia.

Yorkship Village in Camden, New Jersey, was built by a realty company on behalf of the local shipbuilding company, which was ultimately responsible to the United States Shipping Board. In the post-war pressure to dissolve all connections between the Federal Government and housing, the town was sold at auction by the government in December 1922. The sale resulted in the absorption of the Village by the City of Camden, with land ownership divided between the city and the New York Shipbuilding Corporation. This discontinuity of administration very nearly ruined the well-conceived and executed scheme of the village. The conditions of the sale imposed no restrictions on the subsequent development of vacant sites, which were scattered within, as well as along, the periphery of the community. As the 1939 report of the National Resources Committee on Urban Planning and Land Policies reported:

> It may be a platitude to state that the more distinctive and unique the layout and architecture of a community, the less is required to throw the whole composition off balance, thus obtaining not only a less pleasing result by the introduction of incongruous elements but an actual shock and disappointment to the observer when the promise of a culminating feature or a harmonious pattern is suddenly dissipated . . . it brings home with renewed force the great desirability of a continuing agency to function not only actively during the formative stage of a development but extensively and in adaptation during the subsequent periods of its life . . . Yorkship is a good place to observe what a well-designed community might have looked like with proper care.[18]

Another aspect of the unfortunate conditions that resulted from the precipitate and poorly-planned withdrawal of Federal Government influence is illustrated by Noreg Village located near Philadelphia. Following the public auction of the homes in 1923, the town was incorporated under a mayor-council government the following year. Shortly thereafter, the shipyards at Gloucester were abandoned. This destroyed the economic base of the village. The Federal Government continued to hold the mortgages on the homes of the unemployed residents and there were a number of reversions of title. The presence of large portions of such tax exempt property deprived the newly-incorporated town of about one-half of its property tax base. Noreg Village provided living conditions not to be found at comparable prices anywhere else in the Philadelphia area, but its physical plan was inadequate and the financial affairs of the community badly scrambled.

The Corporation's village of Cradock, Virginia, was a depressed area for a short period following the War, due to suspension of construction and provision of utilities, as well as the exodus of the emergency workers from the Portsmouth Navy Yard. No local organization was formed to take over the disposition of the community, and not until 1920 were all the houses sold. In that year, Norfolk County assumed title to roads, parks, underground utilities, and schools. Such authority was soon extended over the town government and administration. The USHC gradually disposed of its holdings with care to prevent undue speculation, thus allowing the county administration to assume control in an orderly fashion.

The United State Shipping Board's first new community was Hilton Village near Newport News, Virginia. The village remained unincorporated after the War and, like Cradock, came under the corporate authority of its county. Unlike Cradock, however, the influence of the Newport News Land Corporation, the company holding the land for the Shipping Board, was reasserted at the close of the War. This influence was maintained through continuously evolving deed restrictions, thus insuring reasonable orderly development.

The most notable achievements of the U. S. Housing Corporation were general town planning, and architectural and design improvements. The corporation assembled and examined about 5,500 plans. Considering the crisis nature of the period and the assumed objective of standardizing plans and building materials, the corporation approved and implemented an astonishing variety of imaginative housing and site plans. The corporation investigated the feasibility of having construction performed by limited-dividend private housing corporations especially created at the local level, but abandoned the plan due to repeated local resistance to the idea. However, the corporation succeeded in establishing new standards for mass housing and in simplifying heating, plumbing, and millwork.

Four other major accomplishments of the war housing developments are significant for the future establishment of planned communities.[19] First, the program was successful in creating a substantial supply of attractive moderate- and low-income housing, convincing some planners and architects that such a community could be repeated. Second, the potentialities of town planning and the necessity for continuing community administrative authority and local government authority were revealed. Third, there was increased public and professional acceptance of governmental involvement in housing and community development. Fourth, city planning as a profession was encouraged.

Greenbelt Community Development. The exclusively Federal development of the greenbelt communities was made feasible politically by the exigencies of the Depression and economically by the small number and size of the settlements. The 1935 Executive Order creating the Resettlement Administration included a provision for greenbelt towns. Of the 25 cities and possible sites for construction chosen by the Suburban Resettlement Division for intensive study, three project sites eventually were settled upon: Greenbelt (on the outskirts of Washington, D.C.), Greenhills (Cincinnati, Ohio); and Greendale (Milwaukee, Wisconsin).

The planning teams for each of the developments were given complete freedom of design, provided that all communities were to have unified land ownership and use, exclusively low-income housing, coordinated urban-rural attributes and plans, perpetual leasing, and a municipal government suited to the local area.[20]

The planning process and the actual construction of the towns lasted until 1938 and represented the first stage in the settlements' ultimate emergence as independent, incorporated towns. The second stage, from 1938 to approximately 1952, resulted in the gradual reduction of the controls exercised by the Management Division of the Resettlement Administration through tenant selection, organization of local government, maintenance of government facilities, and provision of community managers. The final stage was reached by each of the communities between 1949 and 1953, and involved the liquidation of government holdings and the sale by the Public Housing Administration of all undeveloped land to private nonprofit veterans' associations. With this final step, local governments assumed all powers and services formerly reserved to the Federal Government. An examination of the experience of one of these areas—Greenbelt, Maryland—may provide insights concerning the problems encountered in Federal ownership and administration of communities.

Some attribute the failure of Greenbelt, Maryland, to develop according to its initial plan to the failure of the Federal Government to sufficiently prepare for the transfer of functions to local instrumentalities. Despite strong resident participation in community activities in Greenbelt's early history, by 1952 there was a general lack of public interest in continuing any sort of master planning. Furthermore, the Federal Government's failure to continue a liberal financing policy after the town's chartering in 1937 by the Maryland Legislature destroyed much of the local incentive to continue the original planning process.

Since the Federal Government had assumed full control over all community land, the local government, though endowed with powers similar to those of a standard town administration, was unable to levy property taxes. Hence, Congress in 1936 authorized the Resettlement Administration to support the greenbelt towns via payments in lieu of taxes. During World War II, the Federal Government gradually lost interest in the greenbelt towns and was increasingly reluctant to continue financial support. When Greenbelt was given control over its own finances, all Federal financial aid was terminated. The town had to rely on its own resources, even though it lacked an industrial base.

Greenbelt Homes Inc., the cooperative formed to sell shares in the completed dwelling units and to dispose of much of the vacant land, found the market unprofitable and sold to private subdividers. Failure to impose restrictions on resale standards led to enormous increases in market prices for private homes. The profits available to developers in residential construction and sales discouraged new industrial location in the town. This increased profits for private developers, but provided less revenue for a local government already operating on an inadequate financial basis. When the Baltimore-Washington Expressway and later the Kenilworth Avenue Beltway were cut through the greenbelt, neither the citizens nor the local government objected since the highways would provide better transportation for commuters to urban centers and would bring increased income by attracting business to the town. The result was a dismemberment of the protective greenbelt and the destruction of what little rural character the community had retained. Gradually, the skyrocketing land prices produced a phasing-out of all low-income groups who could not afford to remain in Greenbelt. Greenbelt today is a middle and upper-middle income suburb, lacking a significant social or financial mix.

Since much of the experience of early Greenbelt was conditioned by the extraordinary power wielded by the Federal Government, it provides few relevant guidelines for future planned communities. While some consider the experiments of the Resettlement Administration to have been very much worthwhile, others point to the failure of Greenbelt, Maryland, as a striking illustration of the shortcomings of direct Federal ownership and operation of communities and the lack of financial and political involvement of State and local government. In any case, the Greenbelt experience no doubt contributed to a continuing interest in the potential of the Radburn idea of traffic-free superblocks attained by cluster design and the related characteristic of respect for topography and nature.[21]

Power and Reclamation Projects. The large-scale power and reclamation projects sponsored by the Federal Government in the 1930's also entailed the creation of new communities, but of considerably smaller scale than the Greenbelt towns. Two examples of such communities are Boulder City, Nevada, and Norris, Tennessee.

Boulder City was established in 1930 as a temporary construction site and emerged by 1937 as a permanent town with a master plan. It was administered from the beginning strictly as part of the Hoover (Boulder) Dam project. No machinery was provided for consultation with local residents. The Federal Government's contribution to local services was financed basically out of revenues from the sale of power. All the revenues received from Boulder City were required to be deposited in the Colorado River Dam fund. Until 1948 when project and nonproject costs were segregated, all expenses incurred by the city in its management, operation, and maintenance were paid for out of the fund.

The results of a 1949 survey led to an order of the Secretary of Interior in 1951 appointing a City Manager for Municipal Affairs with an elected Advisory Council of local residents. The Bureau of Reclamation then turned to the Housing and Home Finance Agency requesting them to prepare for the sale of houses and the transfer of service installations to a prospective local government. However, the amount of government land holdings in the municipality substantially cut down the possibilities of revenue from the property tax. The chief source of revenue was to come from the sale of electric power for domestic use. Due to citizen opposition to the transfer, it took the HHFA eight years to dispose of all real property and service installations to the local government. This experience prompted the Comptroller of the Bureau of Reclamation to state: "The time to decide the method of disposition of a town is when the town is started. Later when a community has been nurtured in the atmosphere of Federal subsidy, the selection of a method is tremendously complicated." [22]

Between 1933 and 1935, the Tennessee Valley Authority built Norris, Tennessee, located about 21 miles from Knoxville to house workers employed on the Norris Dam project. The original plans called for construction of permanent, rather than temporary, facilities. Like Boulder City, Norris was under complete Federal supervision and received aid in the form of supplementary police and fire protection and maintenance of utilities. However, the county administered the school program. As early as 1936, a council was elected to serve in an advisory capacity to the city manager. The single management of property and controlled development prevented excessive depreciation and allowed stable town growth. By 1948, the town was put up for sale by the TVA and was bought by Norris Properties, Inc. All local governmental duties were turned over by the TVA to the council of the incorporated municipality. For two years Norris Properties provided police and fire protection, but by 1950 they resold their holdings to the citizenry after having opened many rebuilt lots for development.

As a planned community, Norris achieved a charm and attractiveness that continued during its post-war role as a satellite of Knoxville. Kingsport and Radburn were the chief precedents that the planning staff followed, as revealed by Norris' protective greenbelt, interior parks, pedestrian underpasses, and community centers. The town was developed in isolation from outside urban growth patterns. The rural character and small size of the settlement has special relevance to certain contemporary community builders' efforts. Moreover, the stable, healthy transition to corporate status was a model of positive and long-range planning.

Atomic Energy Towns. The examples provided by Boulder City and Norris, in turn, guided the Atomic Energy Commission in its creation of Oak Ridge, Tennessee; Hanford, Washington; and Los Alamos, New Mexico. None of these communities developed under stable master plans, since requirements were changed several times during their planning and construction. Only since 1947 has permanent construction been substituted for the use of temporary war materials. Because all the communities were affected by the same Congressional legislation, their histories are quite similar. Federal involvement officially ended with the passage of the Atomic Energy Communities Act of 1955. This legislation authorized disposition of the communities and the adoption of local self-government. Oak Ridge achieved independent status in 1960, while Hanford and Los Alamos became autonomous in 1967. Examination of one community will highlight the significance of the AEC experience for future planned communities.

Oak Ridge was constructed by the Turner Construction Company and controlled by the Army through Roane-Anderson Company. Roane-Anderson administered and maintained the transportation system, and provided fire and police protection. A master plan was developed in 1949 by the Oak Ridge Regional Planning Commission to alleviate the overcrowding and inadequate facilities caused by the necessary speed of war time construction. As early as 1948, plans for incorporation and for transfer of authority were being developed by the Advisory Town Council and the Regional Planning Commission in the form of zoning plans, subdivision by-laws, and drafts of incorporation. Fortunately, the subsequent termination of Federal ownership did not immediately force the community to rely on its own limited financial resources. The Atomic Energy Communities Act required the continuation of annual assistance payments in lieu of taxes for all property remaining under Federal ownership, and also provided special interim payments to sustain the local public bodies until they were providing necessary services and receiving adequate revenues. Municipal Services, Inc., the contractor for the AEC after Roane-Anderson, still operates and maintains a government-owned water system and AEC-owned buildings, equipment, and roads. These Federal procedures allowed maximum flexibility to these local governments in their early years of incorporation.[23]

The AEC communities illustrated the value of adequate transitional financing and local participation in planning for the future. Moreover, policies and procedures for large-scale construction, maintenance, administration, and eventual devolution of authority may serve as an encouragement to the contemporary generation of private community builders.

DEVELOPMENTS AFTER 1945

The housing shortage that occurred after World War II had its origins in conditions corresponding to those following the First World War. However, the post-1945 response by the building industry was completely different than the earlier effort. The absence of a post-war recession and the general rise in income created for developers a prosperous market which was stabilized by FHA and veterans' loans. These conditions produced the large-scale merchant builder who merged land purchase, site improvement, house construction, and merchandising in a single firm.[24] This concentration of operational organization permitted greater efficiency and economy for the builder and gave him a unique opportunity. In the years immediately following World War II, Park Forest, Illinois, and the Levittowns in New Jersey, New York, and Pennsylvania, presented alternative approaches to the problems of large-scale community development.

The construction of Park Forest, Illinois, was begun in 1947 by American Community Builders. The development was supported by FHA mortgage insurance totaling $22.5 million and was projected as an eventual satellite city, complete with commercial and recreational facilities, including a greenbelt, adequate public utilities, and a strong industrial base. The first housing units—townhouses—were made available on a rental basis, while later detached units were put up for sale. Four months after the first inhabitants moved into the development, a provisional town government was elected, which soon opted to incorporate the settlement as a village. Resident cooperation and participation in the community at this stage was excellent.

With the advent of local representative government, difficulties arose with public finances, public facilities and the local governmental structure. The village government found that in order to establish and maintain public services, it required a budget equivalent to that of a town many times its size. The property tax was not adequate to cover the costs, and subsidies from the developer were required. Furthermore, the limitations of a developer-oriented local government along with the multiplicity of overlapping local units complicated the resolution of these financial and servicing problems.

Some of these difficulties may be attributed to the inadequacies of the original plan. For example, schools and commercial facilities were not constructed until three years after initial occupancy. The attempt to attract any of the proposed industrial facilities failed. These deficiencies may also be explained in terms of the developer's financial, legal, and political influence on local and county officials and his reluctance to share planning responsibility. The developer's need to remain solvent while assuming the burden of initial construction prompted a downgrading of the village's utilities system. Specifically, four basic reasons for the new community's early financial difficulties may be identified: (1) the tax yield during the initial years of tremendous growth was always one year behind valuation; (2) the owner who bought his home after a tax collection period paid no taxes that year; (3) the provision of facilities for a totally new community at the outset required a budget equivalent to that of a town eight to ten times its size; and (4) the revenues from licenses and fees were severely restricted due to monopolistic control of shopping areas. Such handicaps, especially in a community lacking an industrial capacity, could not be adequately counterbalanced by subsidies from the builder, since he then was forced to cut back in other areas.[25]

Park Forest's development illustrates the need for a sound fiscal plan based on the provision of such basic facilities as utilities and schools. How to carry these basic services until sufficient revenues can be provided remains a critical and so far unanswered question. On the other hand, the enthusiastic citizen participation in the affairs of Park Forest indicates some of the potential inherent in the development of such a community.[26]

Levittown, New Jersey, established in 1958, was the third of the subdivision developments constructed and indirectly administered by its builders, Levitt Brothers and Sons. The community was, in effect, an effort to create a showplace which, through comprehensive planning and provision of good public facilities, would overcome the difficulties of the previous Levittowns constructed on Long Island (1947) and in Pennsylvania (1951). These drawbacks had included piecemeal construction caused by separate negotiations with the several local governments involved, resulting changes in the plan, and the attendant distraction from building and administration, leading to serious omissions and inadequacies in satisfying resident needs.[27]

To avoid these problems, Levitt bought 80 percent of the land required in his master plan and kept options on the remaining sites. Levitt's acreage occupied most of one township. This large rural setting, combined with Levitt's personal philosophy, permitted the company to dominate local politics and administration, as well as the construction of Levittown. The quality and quantity of the township's public services were undoubtedly increased through this approach. It prompted the establishment of a police department and a board of health and the public operation of such Levitt-financed facilities as water, sewage disposal, and garbage removal. The township committee was expanded and a professional city manager appointed. The area's rural past was thrust aside and an active suburban community emerged. However, the expansion process severely tested the Levitt approach. For chiefly financial reasons, Levitt did not experiment with innovative plans, such as use of the

Garden City-Radburn principles, or share much of the power he wielded directly or indirectly within the community.

CURRENT NEW COMMUNITY DEVELOPMENT

There has been a significant upsurge in the building of planned new communities in America representing a pace of activity never before approached. Other countries are ahead in the construction of new towns, in the strict sense of self-contained, self-sufficient, independent cities, but in terms of those large-scale planned developments which may be identified more broadly as new communities, none can challenge the United States.

Estimates of the number of new communities vary, and it is difficult to verify or to keep abreast of all developments, since precise definition is difficult and the very nature of large-scale land assembly depends upon secrecy to forestall speculation on tracts to be acquired and to avoid premature development on surrounding property. Estimates range from less than 50 to more than 250 projects which, depending upon definitions and standards, could be designated as new communities. Regardless of the exact number involved, this represents an unprecedented level of activity.

Efforts to develop new communities have produced a wide scope of arrangements in financing, land acquisition, developer organization, and relationships with local governments. They have been undertaken by a variety of developers, including: established developers and merchant builders seeking a wider scope for their activities; financial and investment companies that have entered the construction field in search of new investment opportunities; large holders of land looking for a new marketing approach; banks, insurance companies and related institutions with experience in mortgage banking and investment and with such site location and construction projects as shopping centers, industrial parks, and apartment and commercial buildings. Developers have also included large diversified corporations without previous direct involvement in construction or development, who have moved into the field for additional diversification, an expanded market for some of their products, or a new investment for their funds. In some cases, separate corporate divisions or subsidiaries have been established to handle the direct community development activities.

The majority of new community developments have been undertaken in California, where population growth and the availability of large undeveloped tracts of land have fostered such activity. Other States having several new communities planned and developed include Florida, Illinois, Colorado, Arizona, and Virginia and Maryland in the Washington metropolitan area. These States combined probably account for almost one-half or more of all the new community development under way or planned in the United States today.

The relationship between new community developments and existing governments have taken a variety of forms. Generally speaking, there has been very little legislation enacted specifically to deal with the unique features of new community development. In California, planning, zoning, and land-use control relationships have generally been vested with the county government. Special districts, however, have frequently been established to provide public facilities and amenities. Somewhat similar relationships exist in Florida. In the Washington metropolitan area, where urban counties with very few independent incorporated municipalities surround the District of Columbia, governmental responsibilities have rested with the county, coupled with an emphasis on the use of special assessments and deed covenants by private developers and homeowners and renters associations as a source of finance and control. In Illinois, a tradition of incorporation of municipalities for providing services and planning and land-use control regulation is reflected in the new community developments.

A number of factors have combined to produce the unprecedented interest in the building of new communities. The entry of a number of large corporations into the home building and construction field either as land developers, home builders, diversified contractors, or investors has provided the corporate structure and financing necessary for such undertakings. Sustained population growth and prosperity, coupled with housing replacement needs and the long term effects of the constraints imposed on housing during World War II, have produced the market.

A number of other influences are noteworthy: (1) the increasing shift of industrial expansion to suburban areas outside of the central cities and to locations away from major metropolitan concentrations; (2) the population movement from central cities into suburbs and surrounding undeveloped countryside; (3) the increasing market for second homes, many of which become year around residences; (4) the growth of new urban areas; (5) the continued concern over the type of urban pattern that is emerging in the large metropolitan concentrations and the accompanying tendency to seek the design features, community characteristics, and amenities available in planned new communities.

THE EXTENT OF NEW COMMUNITY DEVELOPMENT

The exact extent of new community development across the country today is extremely difficult to establish. A list could be expanded or contracted depending upon the criteria applied to distinguish new communities from other large-scale developments. Moreover, information about developments is a carefully guarded secret during the initial land acquisition and preliminary planning stages and then frequently becomes heavily tinged with a promotional tone as soon as the time arrives for public announcement. Using the criteria of at least one thousand acres planned for a minimum three to four thousand residents and sufficient supporting facilities, activities, and uses to constitute a complete community but not necessarily including industry, the number of current new communities has been estimated to be in the vicinity of 200 to 250.[28] Other estimates, applying stricter criteria have ranged as low as 15 or 20. *At the present time, it is doubtful if new communities actually incorporating significant residential, commercial, and industrial features exceed 50 projects in all of the United States.* Preliminary returns from a recently completed survey support this generalization.

A survey conducted by Jeanne M. Davis, an urban planner with the Natural Resources Economics Division of the U.S. Department of Agriculture identified 43 new towns as defined for the study. County extension agents in each of the nation's counties were asked to provide data for all new town planned communities, subdivision or industrial developments of 950 acres or larger within their counties. New towns were defined as developments which include provision for some employment in industrial plants or offices; educational, recreational, and commercial facilities; and a variety of housing types. The new towns identified constituted a little more than 11 percent of the total 376 developments for which construction was reported as having been commenced during 1960-1967 on nearly 1.5 million acres of land. The acreage incorporated in the new towns constituted 21 percent of the total reported acreage.

An illustrative listing of 52 new community projects which were underway in 18 States by 1968 is presented in Table 41. Although the listing is by no means inclusive, efforts have been made to make it as complete as possible. The projects are clustered in areas of rapid urban growth and in the warm weather States—the Washington metropolitan area, Florida and along the Gulf Coast, Colorado, Arizona, and New Mexico, and most notably, California. In numerical terms new community development is uniquely a California phenomenon even though two of the most widely publicized examples are Columbia, Maryland, and Reston, Virginia, in the Washington metropolitan area.

DESIGN AND LOCATION CHARACTERISTICS OF NEW COMMUNITIES

There is a wide variety of styles and types in the new communities being built across the nation today. Some have little except their size and the presence of shopping centers to distinguish them from any large subdivision consisting of single family houses on individual lots with separate driveways and garages lining curving streets and cul de sacs. But most combine single family, individual lot houses with townhouses and garden and high-rise apartments. Extensive use is generally made of open spaces, both as common urban space around which houses or apartments are grouped, and community open space separating types of housing from other land uses. Clustering provisions are also common, allowing smaller lots or higher densities in townhouses and apartments in exchange for common open space. Greater flexibility in the relationship of different types of land uses—based on special planned unit development, floating zones, and other special zoning provisions—is another fairly usual feature.

The net result of these special characteristics of new communities is a distinct departure from the typical street layout and sharply separated single family, multi-family, and retail-commercial development patterns. What emerges is a more dynamic and harmonious relationship among the elements of the urban scene, as exemplified by: a general pattern of curving streets; superblocks with houses, townhouses, and apartments clustered around common open space; and varying land densities frequently separated by open space and parks. Shopping centers often are designed around a core of buildings, malls, and walkways surrounded by parking space with circumferential drives. Industrial parks may have a similar design, with encircling through-traffic patterns.

Both as an urban design feature and as a method of incorporating efficient and economic staged development, the larger new communities generally favor the neighborhood and village approach, with residences, schools, and churches grouped around a small commercial and activity center. The villages, in turn, are oriented around a larger town center, which is the major commercial and retail focus for the new community.

Park Forest, Illinois, is an early example of a central core shopping center supplemented by smaller neighborhood centers. A separate industrial park with streets and utilities has also been provided in Litchfield Park, Arizona; Columbia, Maryland; and Reston,

Table 41—New Community Developments, March 1968

New communities	Location	Acres	Projected housing units	Projected population	Housing units rented or sold
Arizona:					
Litchfield Park	Maricopa County	13,000	22,000	75,000	150
Lake Havasu City	Mohave County	13,000	—	50,000	600
Tucson Green Valley	Pima County	10,000	—	25,000	500
Sun City [1]	Maricopa County	14,000	—	75,000	—
Arkansas: Maumelle	Pulaski County	5,300	—	60,000	—
California:					
El Dorado Hills	Sacramento County	9,800	20,000	75,000	400
Foster City	San Mateo County	2,700	11,000	35,000	9,000
Rossmoor Leisure World [1] [2]	Contra Costa County	2,100	10,000	20,000	—
Valencia	Los Angeles County	4,300	—	30,000	360
Diamond Bar	do	8,000	20,000	75,000	2,500
Porter Ranch	do	4,100	12,000	43,000	—
Mountain Park	do	7,150	—	60,000	—
Crummer Ranch	Los Angeles and Ventura Counties	6,300	—	50,000	—
Westlake Village	do	11,500	—	100,000	—
Conejo Village	Ventura County	11,000	—	87,000	—
Irvine Ranch	Orange County	33,000	—	300,000	1,000
		[3] 88,000			
Rossmoor Leisure World [1]	do	2,465	18,000	30,000	6,000
Laguna Niguel	do	7,100	—	90,000	—
Mission Viejo	do	11,000	—	50,000	—
		[3] 53,000			
San Carlos [2]	San Diego County	5,000	9,000	35,000	2,000
Rancho Bernardo	do	5,400	11,000	33,000	—
University City [2]	do	13,000	—	—	3,000
California City	Kern County	101,120	—	600,000	—
Rancho California	Riverside County	87,000	—	400,000	—
Colorado:					
Montbello [2]	Denver	7,000	—	—	—
Colorado City	Pueblo County	5,000	—	30,000	—
Pikes Peak Park [2]	El Paso County	4,300	—	30,000	—
North Glen	Adams County	2,528	—	20,000	6,100
Delaware: Mill Creek	North of Wilmington	1,300	5,000	13,000	—
Florida:					
Miami Lakes	Dade County	3,000	6,000	25,000	—
Canaveral Princeton	Brevard County	2,500	—	43,000	—
Port Charlotte [1]	Charlotte County	92,700	—	100,000	6,000
Palm Beach Lakes	Palm Beach County	7,000	25,000	70,000	—
Lehigh Acres	Lee County	60,000	—	80,000	6,000
Deltona [1]	Volusia County	15,000	41,000	75,000	100
Coral Springs	Broward County	10,400	—	60,000	—
Spring Hill	Hernando County	17,000	—	50,000	100
Georgia: Chapell Hill	Atlanta	1,100	2,900	12,000	—
Illinois:					
Elk Grove	Cook County	3,000	10,000	35,000	—
Oak Brook	Du Page County	3,600	—	25,000	—
Kentucky: Oxmoor	West of Louisville	1,000	—	15,000	—
Louisiana: New Orleans East	East of New Orleans	32,000	—	100,000	930
Maryland:					
Columbia	Howard County	14,100	29,000	110,000	300
Joppatowne	Harford County	1,300	3,000	10,000	1,600
Northampton	Prince George's County	2,200	8,000	25,000	—
Minnesota: Jonathan	Hennepin County	2,200	—	50,000	—
Massachusetts: New Seabury [1]	Barnstable County	3,000	3,750	16,000	100
New Mexico: Paradise Hills	West of Albuquerque	8,500	—	60,000	—
New York: Sterling Forest	Orange County	20,500	—	—	—
Oregon: Somerset West	West of Portland	6,600	12,000	40,000	—
Texas:					
Clear Lake City	South of Houston	15,000	40,000	150,000	—
Horizon City	El Paso County	65,000	—	100,000	—
Virginia: Reston	Fairfax County	6,750	24,885	75,000	1,000

— Information not available.
[1] Primarily a retirement community.
[2] Partially or wholly annexed to an adjacent municipality.
[3] Total.

Source: "House and Home," February 1964, p. 125, as modified by information from: Edward P. Eichler and Marshall Kaplan, "The Community Builders" (Berkeley and Los Angeles: University of California Press, 1967). Appendix I, p. 185; unpublished survey conducted by Jeanne M. Davis, Economic Research Service, U.S. Department of Agriculture; and unpublished information from the Land and Facilities Development Administration, U.S. Department of Housing and Urban Development.

Virginia. The Irvine Ranch Properties are being developed on the neighborhood village and town center pattern. Litchfield Park is planned to go one step further by combining villages into communities, each having a high school and a community commercial center.

Some of the new communities are specifically identified by their developers as providing an opportunity for experimentation. Westinghouse Electric Corporation, for example, has indicated that its new town—Coral Springs, near Fort Lauderdale, Florida—will serve as an "urban laboratory" where the company will develop and test products for the construction market. Walt Disney Productions', Inc. new project EPCOT (Experimental Prototype Community of Tomorrow), to be located near Orlando, Florida, will be used to introduce, test, and demonstrate new ideas and technologies.

A number of the new communities are located beside lakes or other bodies of water. Both Columbia and Reston incorporate manmade lakes. Lake Havasu City is located on Havasu Lake, a reservoir on the Colorado River formed by Parker Dam. El Dorado Hills, California, north of Sacramento, includes a portion fronting on Lake Folsom. Clear Lake City, Texas, just south of Houston, includes a portion fronting on a lake. New communities of the future will probably stress water sites.

Another major geographic characteristic of the new communities is the proximity of an expressway interchange. The interstate system and State and local expressway decisions are particularly significant influences in the location of new communities. Columbia, Maryland, is strategically located on highways running between Baltimore and Washington. Valencia, Janss/Conejo, Irvine, and Mission Viejo—the four large new communities in the Los Angeles area—are all transversed by, bordered by, or closely adjacent to a major freeway. However, very few of the new communities have an internal mass transportation facility or are located on a major regular mass transit line. Park Forest, Illinois, is unique in having a regularly scheduled bus line with several different routes running through the community, and in being located on the Illinois Central Railroad suburban service. Columbia, Maryland, has an internal mini-bus service operating on special roadways and connecting with highway buses on the Baltimore to Washington Expressway. In general, however, the new communities are automobile and expressway oriented.

THE NEW ENTREPRENEURS

One of the factors influencing the increased activity in the planning and development of large new communities has been the entry of large investors and developers into the field. They have invested primarily in overall land acquisition and its development. On the other hand, the traditional pattern of financing still generally prevails for the purchase of individual sites and the construction of homes and commercial and industrial buildings.

The community developer usually sells developed land to individual builders who then proceed to build models and to sell houses on specific lots, with perhaps some speculative building in anticipation of sales to keep a steady pace of construction. The developer may also sell land to builders, real estate firms, and other investors seeking sites for income property, as well as to industrial, research, and commercial enterprises locating in the new community. A community developer may himself decide to engage in home building. In all of these circumstances, conventional sources of construction loans and permanent mortgage financing are used in a manner not basically different from that followed by any large builder.

New community developers frequently retain some sites, especially shopping centers and apartments, for their own investment income purposes. For the financing of such construction, traditional practices generally prevail. Yet, the community developer, particularly on more distant sites, is under additional pressure to build shopping centers for the convenience of homebuyers and renters and to construct industrial parks to provide employment opportunities. As a result, special arrangements may be used. The anticipatory building of shopping centers and industrial parks may necessarily become part of the land development activity in an effort to sustain the momentum required to keep the whole project moving. The short-term construction financing then becomes merged with the land acquisition and development financing.

Investment in land acquisition and development is the area that has witnessed major changes. A new breed of community builder has emerged, including large homebuilding and construction firms, traditional lenders and investors in land, and corporate investors whose major interest previously had been in entirely different fields.[29] The new community builders can be conveniently classified under five headings: (1) the traditional developer-builder; (2) national corporations with cash to invest; (3) a separate corporate group made up of the oil industry; (4) large land owners; and (5) mortgage lenders seeking equity investments. The categories obviously overlap and the actual management initiative may vary in a given development as time goes on and as different investors participate in management decisions.

BUILDER-DEVELOPERS

Some of the first planned communities and planned neighborhoods in this century were products of real estate developers and builders. The earliest of the post-war new communities, Park Forest, Illinois, was constructed by the developer, Phillip Klutznick, through American Community Builders, which combined the responsibility of land acquisition, planning, house and shopping center design, and building and sales (through a subsidiary). The organization and management patterns of this project illustrate two characteristics that distinguish approaches to new community development. First, the corporation was new to the building and construction field and it did not undertake further projects. It can therefore be identified as a nonexpansionist new community developer rather than the expansionist type, which undertakes a number of different developments over a period of time. Second, the Park Forest developer built on recently assembled land. This action may be distinguished from a number of recent developments where the developer has owned the land over a considerable period of time and uses a new community approach to develop and market it.

Some other contemporary new community builders are companies that were previously engaged in large-scale development, construction, homebuilding, and subdivision activities. Rossmoor Corporation is one of the nation's largest homebuilding corporations.

Through the Leisure World Foundation, an autonomous, nonprofit management and sales corporation, five Leisure World retirement communities have been built. The pattern of development epitomizes the expansionist approach in the new community field.

T. Jack Foster and Sons, the developers of Foster City, California, and Del E. Webb Company, the developer of Sun City, Arizona, and initially of Clear Lake City, Texas, probably also qualify as expansionist inclined developers of new communities. As of the moment, Lindsay and Company, the builder of El Dorado Hills near Sacramento, California, also probably falls under the nonexpansionist classification.

James Rouse, the developer of Columbia, Maryland, is one of a limited number of developers who has been quite conscious of achieving a relationship between social and physical planning. Rouse's effort to mold these objectives into a planning process through the formation of a 14-member consultant committee is particularly noteworthy. The committee included persons from many occupations and academic disciplines, ranging from city managers to public health and education specialists, from economists and public administrators to sociologists and psychologists.

Other developers with a construction and homebuilding background are more difficult to categorize as expansionist or nonexpansionist oriented in the new community field. These include Sproul Homes, the developer of Pikes Peak near Colorado Springs, Colorado; Maxon Construction Company, the builder of Tucson Green Valley, Arizona; and Crawford Corporation, the developer of Crofton in Ann Arundel County, Maryland.

Because of the large initial investment in land and the difficulty of financing the capital requirements during a long holding period, there are a growing number of land owner-builder joint ventures, such as the arrangement between Humble Oil Company, the owner of land originally purchased as an industrial site, and Del E. Webb Company, the initial builder of Clear Lake City, Texas.

LARGE NATIONAL CORPORATIONS WITH AVAILABLE CASH

Early large corporate participation in the financing of new community construction was basically directed toward a collective effort to stimulate homebuilding during a recession and thereby to increase product demand. A number of examples of this type of investment occurred during the 1930's.[30] The present entry of large corporations into the financing of community development beyond the construction stage is still motivated basically by a desire for product sales stimulation, but it also is a response to such other factors as antitrust regulation and tax laws.

Both Westinghouse and General Electric have recently become involved in new community development. Westinghouse has bought an interest in Coral Ridge Properties, Inc., the developers of Coral Springs, Florida. General Electric has announced plans for building a community of 30,000 units (the site has yet to be announced) over a period of 15 to 20 years to house 100,000 persons. In both cases, several motives would appear to have triggered this investment decision. Such developments can stimulate sales as well as provide an opportunity to develop and test new products. Westinghouse refers to Coral Springs as "an urban living laboratory" which will innovate in home products and systems. General Electric, through a Community Systems Development Division will undertake new community projects "to serve as showpieces for the technological and other breakthroughs" it hopes to achieve.

As part of a general expansion program, Boise-Cascade, a lumber and timber products company, has entered home construction through the purchase of several large homebuilding companies. With the acquisition of Perma-Built Enterprises, a San Francisco Bay Area construction firm, the company also received 4,800 acres of land in Calaveras County, California, giving it an area to test the market for second home or resort residences. More recently, through a stock exchange transaction it acquired U.S. Land Corporation, the developers of lake resort communities near Cleveland, Ohio; Chicago, Illinois; Gary, Indiana; Kansas City, Missouri; San Francisco, California; and Fredericksburg, Virginia. Although initially developed as resort communities, those close to cities and industry will probably assume the characteristics of year-around communities. These areas provide a further opportunity for Boise-Cascade to test-market homebuilding supplies. In another recent stock exchange transaction, the International Telephone and Telegraph Corporation purchased Levitt and Sons, one of the nation's largest and the most successful homebuilders. This was part of a continuing expansion and diversification program on the part of IT&T, and presented an opportunity for Levitt and Sons to expand its operations and pursue a goal of creating independent self-sufficient "Primary Employment Towns," which would have enough business and industry to support as many as 250,000 residents.

Market conditions, coupled with Federal regulatory programs, may also influence the investment policies of large corporations entering the homebuilding and new community development field. For example, in the aluminum industry, a situation prevails which is characterized by over-capacity and a limited number of major processors. Profits cannot be plowed back into new capacity and antitrust considerations inhibit mergers or further investments in the aluminum industry. Vertical integration then has strong appeal. Hopefully, a market can be created for aluminum products in homebuilding and other urban development, thereby helping to combat over-capacity in the industry while at the same time avoiding combinations that would create antitrust problems. Kaiser Aluminum thus has recently formed a land development subsidiary, Westwood Properties.

A somewhat analogous situation exists in the cement industry. The recent action of the American Cement Company backing one of the Janss projects represents action similar to that taken by Kaiser Aluminum. Although the specific project in which the American Cement Company invested—Snowmass-at-Aspen—is a mountain resort development, Janss is deeply engaged in new community development at Conejo, located in Ventura County north of Los Angeles.

The Pennsylvania Railroad's recent purchase of Macco Realty, the developer of the Porter Ranch new community in Los Angeles County and holder of over 100,000 acres of land in southern California, is another example of a corporation seeking diversification into areas clearly unrelated to its basic endeavors. "In this sense land is the investment of which monopolistic control by one firm appears out of the question." [31] The Pennsylvania Railroad entered the new community development field with funds which were received from the forced sale under the antitrust laws of the Norfolk and Western Railroad. In a similar transaction, Oceanic Properties, a subsidiary of Castle and Cooke, purchased a potential new town site south of San Jose shortly after the parent company had to sell Maxon Navigation Company because of antitrust limitations.

THE OIL INDUSTRY CASE

The oil industry represents an almost unique example of corporations having excess funds to invest because of favorable profit position and special tax treatment arising from depletion allowances. Since World War II, income tax liabilities have become large enough to significantly influence investment decisions, particularly in real estate. Such tax considerations as depletion and depreciation allowances, property tax and interest deductions, and capital gains provisions, have all served to minimize the ultimate impact of what otherwise would be considered high risk ventures. The difference between income and capital gains rates is quite significant, and this can have a marked effect on real estate investment and sale policies.

Nowhere is the impact of tax policies more clearly discernible than in the oil industry. The depletion allowance, which permits deduction from taxable income of an amount equivalent to 27½ percent of gross income, and the treatment of intangible drilling costs—such as labor and services with no salvage value—which can be deducted in full against income for five years from the time they are incurred, combine to produce a particularly advantageous position.

The experience of Sunset International Petroleum, now Sunasco, a full-line real estate corporation, illustrates both the impact of taxation provisions and the mixed motives involved in investment decisions. Sunset International Petroleum is the developer of three new communities in California—Sunset City in Sacramento County; San Marin in Marin County; and San Carlos in San Diego County. The owner of Eagle Oil Company, which operated a chain of stations, was a real estate developer as well. Eagle Oil became Sunset International Petroleum Company when it entered the drilling phase of oil production. The new firm acquired a number of builders and diversified into real estate, to the extent that over 80 percent of its earnings were derived from that source. More recently, market conditions have forced Sunasco to divest itself of its building operations and concentrate on other interests.

The mixed motives behind entry into the new community investment field by oil corporations is further illustrated by the cases of Gulf Oil and Humble Oil. Gulf Oil has been one of the large investors in Reston, Virginia, and in late 1967 took over control of the development through a subsidiary. The initial agreement stipulated that Gulf would have first option on filling station sites throughout Reston. Another example of the product-sales stimulation motive is provided by Humble Oil Company, a subsidiary of Standard Oil of New Jersey, and the primary developer of Clear Lake City, Texas, near Houston. The company's most tangible reason for entering the new community development field was its ownership of 15,000 acres of land originally intended for industrial expansion. Other factors included the availability of ready cash, the tax position of an oil-drilling corporation, and the possibility of retail filling station product-sales stimulation.

THE LAND OWNERS

Because of the difficulty of assembling, acquiring, and financing huge tracts of land, large-scale corporate landowners have become an increasingly significant factor in new community development. In some cases, the landholding itself has become the basis for a corporate entry into the field. In others, an interested investor has acquired homebuilding or real estate firms having large landholdings.

The "land developer-by-accident," i.e., a corporation in an unrelated field which finds itself with a large enough holding for new community development, constitutes one type of landowner-developer. Goodyear's sponsorship of the new community at Litchfield Park, Arizona, is a good example of this type of landowner-developer. A combination of circumstances may prompt such a corporation to undertake development. Not the least of the influencing factors is the burden of rising property taxes accompanying the development of the land surrounding the holding and the corresponding increase in property values. A controversy is developing in several States as to the desirability of "preferential farmland assessments" as presently authorized, because they can serve not only to protect farmland from being forced into premature development but also to provide a tax haven while land is being assembled and held for speculative purposes.

Another category of entrepreneur is the long-term landholder or "land company," which has methodically "ripened" land over a period of years, and for whom a new community development represents a final payoff. The Irvine Company, with its extensive holdings south of Los Angeles, represents the leading example of this type. After years of profitable ranching, citrus, and extractive operations, it is now entering into the community development field through its South Irvine Ranch Planning Area. Other current examples include the Janss/Conejo development situated on 10,000 acres which had been held by the firm since 1911; the Mission Viejo Company development on a part of the 50,000 acre O'Neil Ranch holdings; and the Valencia development by the Newhall Land Company subsidiary on 4,300 acres of its 40,000 acre holdings.

MORTGAGE LENDERS AS EQUITY INVESTORS

Banks, insurance companies, and savings and loan associations, the traditional sources of mortgage loans, occasionally have assumed, in effect, an equity investment role. In these cases, the mortgage terms have included provisions dealing with profit participation and options to purchase interests in the development. These provisions have given the lending institution a voice in management decisions. While such financial institutions have traditionally been limited by law and custom in making loans available for the purchase of land and site improvements, they are increasingly entering this field. Frequently, the loan for land purchase is extended and becomes, in effect, part of the long-term loans for site development and improvements. Thus, the security for the loans ultimately depends on the project's success rather than upon appraised value of the land itself. For example, Connecticut General Life Insurance Company was one of the large lenders both for Coral Ridge, Florida, and for Columbia, Maryland. In both cases, the company increased the size of its loan. Yet, in the case of Columbia, it subsequently became more than an investor. Connecticut General received the right to select three out of the five members of the new firm's board of directors and it held a stock interest in the corporation.

THE INDEPENDENT ENTREPRENEUR AS DEVELOPER

It is difficult to classify Robert Simon and Simon Enterprises—the initiator of the development of Reston, Virginia. While a number of the foregoing motives for entering the new community development field were influential, Simon does not fit neatly into any of the classifications. He came from a family of considerable wealth having experience in real estate, particularly the management of large office buildings. Simon had been involved in shopping center development, but not directly in its construction. In 1960, his firm realized between three and four million dollars in capital gains from the sale of Carnegie Hall. Since the capital gains tax could be postponed only if replacement property were purchased, part of this money was used as the initial downpayment on 6,000 acres in Fairfax County. Simon then took personal charge of the planning and original development of Reston. Management control has since been assumed by Gulf Oil, one of the large initial investors.

While the factors influencing new community builders to enter the field are complex and varied, one feature is common to them all: the profit motive. This objective necessarily conditions many decisions that must be made by the new community developers, and it also underscores the fact that such projects are not being sponsored by social visionaries. Another fairly common concern is with coordinated and predictable urban design and the provision of amenities. This sometimes results in higher density cluster developments with an attendant saving of investment for both public and private facilities without sacrificing open space. It may also lead to relatively large lot developments, which under other circumstances would be criticized as "sprawl." In general, however, the decisions of private community builders have produced a better design pattern of urban development than would have occurred through a series of unrelated small tract subdivisions.

PLANNING FOR NEW COMMUNITY LOCATION

No nationwide planning has been done to develop a new community policy in the United States. The National Resources Planning Board undertook preliminary studies in the thirties which included consideration of planned communities, but the Board went out of existence before there was an opportunity to go beyond the exploratory stage. Although several planned new communities have been built in the United States, until recently there were no State, areawide, or regional plans which gave consideration to a new community approach and attempted to identify appropriate locations for such large-scale developments.

SURVEY OF STATE AND METROPOLITAN PLANNING AGENCIES—SUMMARY

To determine the extent of present day planning for new communities, the Advisory Commission, with the aid of the American Institute of Planners, surveyed nearly 300 State and local areawide planning agencies. These agencies were requested to indicate the extent to which their State, regional, or metropolitan plans included consideration of new communities and their possible future location.

Out of 232 questionnaires mailed to areawide (metropolitan) planning agencies, 137 replies were received. Ninety-eight indicated they had not considered or developed plans which included provision for new communities. Only 13 metropolitan area agencies stated that they had actually developed such plans. Eighty percent of the responding State planning agencies indicated that plans including new communities had not been either developed or considered. Only two States have development policies incorporating specific consideration of new communities. Table 42 briefly summarizes all responses from State and areawide planning agencies.

Table 42—Survey Responses on Planning for New Communities, 1967

Extent of planning for new communities	State planning agencies	Metropolitan area planning agencies
Plans include provision for new communities	2	13
Plans being developed or under consideration include provision for new communities	7	26
No plans developed include provision for new communities	28	98
Total responses	36	137
Total questionnaires distributed	64	232

Source: ACIR/AIP Survey of State and Metropolitan Area Planning Agencies, April 1967, supplemented by later information.

There are two major types of new community planning; these differ in purpose, scale, and detail. The first is the planning and development of a policy *for* new communities, including general location criteria and identification of feasible sites. The second type is the actual planning *of* individual new communities, both through the development of a community general plan and through the preparation of specific site plans for individual portions of the community as construction goes forward.

At both the State and the areawide (intercounty, metropolitan, or other regional) levels, the limited planning that has occurred has been primarily planning *for* new communities. It has consisted of facilitating the coordination of programs and providing necessary data and criteria to assist in assessing the feasibility of new communities generally and of specific location decisions. Such a planning process provides analytical and statistical reports, policy proposals, and mapped presentation of information.

At the State level, planning is generally the responsibility of a State planning agency. However, in two States reporting planning for new communities, the overall planning program was a joint, interdepartmental effort staffed by the planning agency. Similarly, the metropolitan and areawide planning reported was usually the responsibility of a planning agency but in some areas it was a joint undertaking participated in by several state and local agencies.

The planning for new communities usually begins as part of an overall planning effort and involves a number of background studies done by the planning agency staff and by consultants. The next step is usually the presentation of development policy alternatives which are given wide dissemination in published reports. The format most frequently used presents six or eight possible development patterns with an analysis of the implications and advantages and disadvantages of each. The alternatives generally include: a simple projection of present trends; several fairly clear-cut forms—such as a concentrated single urban center, multiple centers grouped around a central city or several major central cities, development concentrated along radial corridors leading out from the central city, or a generally dispersed pattern with planned multi-purpose centers to give focus; and a combination of the most desirable features of the more rigidly defined forms.

Following a fairly extended period of review, discussion, hearings, and consideration, a development policy and plan consisting of both text and a map is approved. The urban development component, of which new communities would be a part, is included along with transportation, natural resource, open space, recreation, economic and other appropriate components.

The other major type of plans are the more detailed community general or comprehensive plans and specific site development plans—in short the planning *of* new communities. These plans are usually prepared by the prospective new community developer and his consultants working more or less closely with the appropriate public jurisdiction, usually the county.

County planning may include more general policy and development plans as well as detailed community general plans. A county general plan, for example, may identify potential sites for urban development which could take the form of new communities. When new communities are planned and developed, the county is typically the responsible public jurisdiction during the initial stages. In these circumstances, individual site plans are subject to the county approval procedure as the new community is built. Under existing law in most States, if the new community is incorporated, the new jurisdiction then assumes responsibility for the community general plan and for site plan approvals. In several counties, new community general plans when approved have been adopted as amendments to the county-wide general plan thus facilitating integration into countywide planning.

In concluding this brief summary discussion on the types of planning process out of which plans for new communities could emerge, it should be made clear that examples of the process as described are limited, particularly at the State and county level. Furthermore, the instances in which specific new community components have been included in areawide plans are extremely limited and in only a few cases have the plans yet reached the final approval stage. The actual building of new communities has generally overtaken the public planning for them. The contribution of such planning has often been to react to development rather than guide and influence it. As a result, the necessary continuing relationships among planning, policy making, and land-use and development guidance and regulation have been tenuous at best.

EXAMPLES OF PLANNING FOR NEW COMMUNITIES

The instances of planning for new communities reported in the ACIR/AIP Survey of State and Metropolitan Planning Agencies, April 1967, provide insights into the state of the art, its potentials, and its present limitations. In the following discussion, the planning process and the plans being developed as reported by State, intercounty, metropolitan area, and county planning agencies are briefly summarized.

State Efforts. A New York State report, issued in 1964 by the Office for Regional Development (since merged into the Office of Planning Coordination), presents a plan and policy for the future development of both urban and rural areas of the State.[32] It is essentially a policies plan, combining a text and sketch map presentation. It proposes a regional development approach to encourage local and individual initiative and balance urban and rural areas. Regarding new communities specifically, it proposes a study to assess the applicability of such an approach "as a means to create or expand communities to accommodate population growth and to reduce the adverse effects of urban sprawl, strengthen the economic base of depressed areas, and provide a wider range of relocation housing to facilitate urban renewal activities." It suggests the use of area or regional agencies, which could be municipal corporations, to assist in the development of new communities. The plan also proposes a State public benefit corporation administering a regional development fund to channel private investment into financing the programs of the area or regional agencies.

In Connecticut, the Interregional Planning Program is a joint venture of the Development Commission, the Department of Agriculture and Natural Resources, the Department of Finance Control, and the Highway Department. A series of reports culminating in the development of four alternative patterns of urban growth for the State have been produced.[33] Preceding the report phase, 16 basic inventory studies were undertaken in cooperation with other State agencies and regional planning agencies. The approach, which emphasizes communities with a high degree of self-sufficiency, would accommodate new community development. The Connecticut program is now in a plan selection and implementation phase out of which a specific development concept and development plan for the State will emerge.

In New Jersey, the Division of State and Regional Planning in the Department of Community Affairs has developed a Horizon Concept Plan as part of its State comprehensive planning program. The report considers several land-use development alternatives grouped into three basic categories.[34] It provides a number of ideas which could become State policy in the future. The plan which represents a composite of many of the development alternatives within the three categories, primarily follows a multi-centers approach. It recommends that growth be channeled into existing developed areas rather than be permitted to spread out haphazardly across the State. The new towns in the plan are primarily major extensions of existing development centers but two relatively large undeveloped areas are suggested where new towns could be created from scratch. The general themes of the policies related to the plan include . . . "the reconstruction of our cities in a manner which would correct the faults of urban living; the encouragement of corridor and new town developments to provide medium density environments, varying community sizes, and prevention of extensive sprawl; . . . the maintaining of open development including agricultural areas; the timing or strategy necessary to implement a variety of living environment; the active encouragement of a wide choice of living environments for all income levels . . ."

State planning programs in Missouri and Rhode Island also include consideration of new communities.

Under the Rhode Island statewide Comprehensive Transportation and Land-Use Planning Program, participated in by a number of State and local departments and agencies, a series of five alternative land-use plans have been developed to present alternative sets of policies which might guide development in the State.[35] Two of the alternative land-use plans would lend themselves to new community development. One would concentrate anticipated future development in urban communities located along the interstate route encircling the present urban core of the State. Some of the communities might be expanded existing centers. Most of the new or expanded communities would form contiguous extensions of the central area but would be more compactly and intensively developed than if they were simply conventional outward expansions of the core. The other alternative contemplates development further from the existing core providing a real separation between new communities and an expanded urban center. A report prepared by the Missouri Office of State and Regional Planning and Community Development (now the Department of Community Affairs) suggests the development of new towns through a State Land Acquisition, Finance, and Development Commission utilizing revenue bond financing coupled with eminent domain.[36]

Metropolitan and Other Regional. The most extensive consideration of new communities in planning for future urban development has been that undertaken in the Washington-Baltimore metropolitan areas. Both the Regional Planning Council in Baltimore and the National Capitol Regional Planning Council (whose function has now been taken over by the Washington Council of Governments) in the Washington metropolitan area for the past decade have included specific new community development elements in planning for their respective areas.

The Baltimore Regional Council, after extensive background study, developed approaches emphasizing new community "metro-towns" and multi-purpose town centers. In their suggested general development plan for the Baltimore region, they emphasize town centers to serve as concentrated focal points for urban development, some of which will be expansions of existing communities and some the development of new urban concentrations and communities. For the Washington area, on the other hand much more emphasis has been placed specifically on new towns along with the expansion of selected existing communities into "corridor cities."

The Baltimore Regional Planning Council devoted considerable attention to a "metro-town" new community approach to urban development.[37] Studies of multi-purpose commercial, industrial, multi-family residential, and institutional centers were undertaken, using market analysis techniques. Originally such centers were viewed as focal points for a series of planned metro-towns but the focus was subsequently shifted to provide applications for any form of regional land development. In its plan alternatives, the Council presented two major approaches.[38] Under one, measures such as open space allocation, multi-purpose town centers, and coordinated utilities and transportation systems would be used to provide pattern and structure in guiding development. The second alternative encouraged metro-towns, and calls for a more structured approach and more active and aggressive participation by public agencies. The "Suggested General Development Plan/Baltimore Region" published early in 1967 more nearly reflects the former approach but acknowledges that town centers provide a focus both for existing communities and urban development and for possible new communities in undeveloped areas.

In the Washington Metropolitan Area, the National Capitol Planning Commission and the National Capitol Regional Planning Council in their policies plan and development guide[39] placed considerable emphasis on new towns distributed, along with existing cities, in radial growth corridors separated by open space. Regional centers are viewed as supporting this pattern of urban development by serving as cores for corridor cities, new towns, and other urban development in the region. The development guide proposes an interstate compact agency organized to carry out its programs through four related agencies: the Metropolitan Fiscal Agency, to provide financing of regional development projects undertaken by the other agencies; the Metropolitan Development Agency, to build regional facilities not provided by existing local, State, or Federal governments; the New Towns Corporations, to undertake the actual development of new towns including the acquisition of land and development rights and the regulation and enforcement of development regulations; and the National Capitol Regional Transportation Planning Board, to coordinate and program regional transportation facilities by the development agencies. The Maryland-National Capitol Park and Planning Commission plan and to a somewhat lesser extent the plan prepared by the Northern Virginia Regional Planning and Economic Development Commission includes the new community focus of the metropolitan-wide plan.[40]

Several other metropolitan area planning agencies have produced development alternatives or suggested developmental guides which emphasize new communities and multi-purpose town centers in varying applications and relationships. The Joint Program, a Federal-State-local interagency land-use and transportation planning program for the Minneapolis-St. Paul Twin Cities metropolitan area, in its presentation of alternatives stresses the significance of "centers of employment activity," transportation facilities, and open space in shaping the development of the region.[41] Emphasis is given to the encouragement of centers to produce a pattern of constellation cities. While new communities are not specifically mentioned, a policy is recommended to "increase the size and comprehensiveness of individual private projects" which could result in new communities developed around the centers. The planning responsibilities of the Joint Program have now been assumed by the newly established metropolitan council of the twin cities area which will adopt a Metropolitan Development Guide.

The Northeastern Illinois Planning Commission's alternatives suggest three different approaches emphasizing transportation and utilities, regional-level service centers, open space, and residential communities to produce desired patterns.[42] In two of the alternatives, it is proposed that development take place in new cities incorporating centers for commerce and public institutions and providing employment opportunities within their borders or nearby. The third alternative, on the other hand, proposes new communities that would be primarily residential.

The Connecticut, New Jersey, New York Tri-State Transportation Commission, an interstate planning agency, in presenting alternatives for the region describes two which incorporate new community developments.[43] One proposes a number of new identifiable centers surrounded by urban development and separated by open space to give order and focus to a "spread" pattern. The other proposes concentrating seven large new cities on undeveloped land that could be built free of many constraints with wide opportunities for modern design and efficiency.

The Richmond, Virginia, Regional Planning Commission, among other alternatives, suggests channeling most of the region's future growth into a series of six to ten new communities.[44] Both the Southeastern Connecticut Regional Planning Agency and the Capitol Region Planning Agency suggest the development of new communities as part of regional development.[45] Within the area of jurisdiction of the Regional Planning Commission of Los Angeles County, both the General Plan for the North County and the Malibu Area General Plan identify unincorporated territory where concentrated urban-type communities are expected to be developed and contain proposals for selected balanced communities.[46]

County Involvement. Counties are involved in planning new community development in two major ways. First, county general plans provide the final and most detailed level of planning for the location of new communities. Secondly, the county is typically the jurisdiction responsible for approving a community general plan, site development plans, and subdivision plats for unincorporated new community development within its borders. On occasion, these two latter aspects may be brought together when a county approves a new community general plan and then takes action to incorporate it into the county general plan.

The ACIR/AIP Survey of State and Metropolitan Planning Agencies did not include single county planning agencies unless they had the status of metropolitan area agencies. However, a sampling of county general plans received in the course of the survey serves to illustrate the varying approaches to planning for the location of new communities which have been taken by counties.

The Guilford County, North Carolina land-use plan which is part of the county comprehensive development plan proposes that the county adopt a policy of promoting a small series of satellites, principally dormitory communities, in selected prime locations.[47] The plan recommends for special attention three locations felt to be suitable for such development.

The Fresno County, California, general plan briefly mentions the possibility of new community development both in a statement of principles to guide development and in a statement of land-use elements for the plan. It does not attempt, however, to map or identify locations.[48]

When the proposal for Columbia, Maryland, was presented to Howard County, the county general plan did not include any reference to new communities in either its text presentation or the map general plan. Immediately after the formal presentation of the Columbia proposal in November 1964, preparation of a text supplement was initiated, and in May 1965 it was adopted.[49] It establishes standards for three levels of planned new communities ranging from large-scale neighborhoods of at least 400 acres to new towns of at least 10,000 acres. Criteria are provided for locating the planned communities in accordance with a 1960 general plan. Planning for Columbia has proceeded with the developer's planners working closely with the county planning staff to relate the plan for Columbia to the county's General Plan of Parks and Open Space and General Plan of Highways. The preliminary development plan for Columbia was adopted in August 1965 and a major overhaul of the 1960 county general plan text and map has been undertaken so that the Columbia development can be related to the rest of the general plan in an updated and revised version.

A generally similar procedure is followed in Orange County, California, when the community general plan for a new self-contained community is prepared by a consultant or staff employed by the developer. The plan is reviewed by the county planning staff and, following necessary revisions and modification, is adopted as an amendment to the County General Plan. Similarly in Ventura County, California, the planning for several new communities proceeded concurrently with the preparation of the county general plan for the planning area in which they were located. It was thus possible to coordinate the elements of the master plan with those of the county general plan.

FINANCING THE DEVELOPMENT OF NEW COMMUNITIES

Land purchase is a major cost for new community developers—except, of course, for the developers who are already landholders. Accurate information regarding land costs is difficult to obtain. Available figures show a wide range of cost per acre. One development (Lake Havusu City, Arizona), developed on former State lands cost only $73 per acre. For other developments for which information is available costs range from a low of $641 per acre to a high of $5000 per acre. The following illustrative table, based on Senate hearings and newspaper and periodical information supplemented by other sources, provides an idea of the range of land costs involved.

Table 43—Active New Community Developments—Predevelopment Land Costs

[Land cost period: 1962–64]

Site or community name	Developer or purchaser	Reported price per acre	Approximate number acres original purchase	Approximate total price
New Orleans East (La.)	Murchison Bros	$865	32,000	$27,680,000
El Dorado Hills (Calif.)	Sierra Pacific Properties	1,000	10,000	10,000,000
Columbia (Md.)	The Rouse Co	1,450	11,640	16,900,000
Camarillo Ranch (Calif.)	Great Lakes Properties	3,800	4,700	18,000,000
Foster City (Calif.)	T. Jack Foster	5,000	2,600	13,000,000
Laguna Niguel (Calif.)	Laguna Niguel Corp	641	[1] 7,075	4,500,000
Reston (Va.)	Reston Corp	1,900	7,180	13,600,000
Westlake Village (Calif.)	American Hawaiian Land Co	2,600	11,500	29,000,000

Average price per acre of eight tracts: $1,540

[1] Does not include another 26 acres purchased at a higher price (undisclosed).

Source: Unpublished data compiled by the Land and Facilities Development Administration of the U.S. Department of Housing and Urban Development.

The cost of buying the land and the annual interest charges on the land purchase money, while a major element, is only part of the special costs associated with new community development. These costs, in fact, begin prior to the land purchase investment and continue well after it. Because of the necessary size of the tract and the unique features which must be present, site location itself is a more time consuming and costly process than in most other types of large-scale development. More and more developers are finding it necessary to hire specialized professional talent to undertake physical, economic, and market analysis. Furthermore, the varied geological nature of a large tract of land usually requires the technical services of soil engineers, geologists, and others to survey the site. In addition, developers are increasingly making heavy use of human resource and relations experts during the early phases of project development. Witness the case of Columbia, Maryland, in which a team of consultants combining social and physical planning, worked for over four months to provide insights into the social needs of the new community.

While the preliminary social and physical planning and design activities were more extensive at Columbia than perhaps at any other of the new communities, all of the responsible developers of new communities have faced heavy preliminary planning investments. Yet, since most of the new communities are located in rural counties that lack an experienced public planning staff, the type of cooperative public planning assistance normally available to developers of smaller projects within urban jurisdictions does not exist. Both the Irvine Company and the Janss Company, builders of new communities in California, in addition to the site plans normally prepared by a developer, provided comprehensive area-wide plans, which customarily are the responsibility of a public planning agency. All of these preliminary activities entail a disproportionately large initial investment by the developer.

Still other additional expenditures are necessary prior to sales. Sites must be cleared and graded; streets and roads laid out and paved; curbs and sidewalks provided; collector and distributor sewer and water lines installed; and frequently, phone and power lines buried. In some areas, contributions may be required for main trunk water and sewer lines based on the added capacity required for the new community. While all of these facilities must be provided in greater number and over larger areas than would be required in small, compact tract subdivision developments, they must also be "in the ground" much further in advance of anticipated sales. Finally, shopping centers, industrial sites, community centers, county clubs, lakes and waterways, swim clubs, dock facilities, internal transportation lines, and other features must be provided in advance of actual use by the resident population. These investments are necessary to attract commercial and industrial firms as well as residents to the community. An indication of the scope of such investments can be gained from the experience in Westlake Village, a 12,000 acre community northwest of Los Angeles, where the developer followed an initial $32 million investment with an additional $10 million to create an artificial lake.

The experience in financing three new communities—two that have had financial difficulties and one that has not—high-lights a number of these difficulties.

A series of extremely intricate transactions made it possible to assemble sufficient land for the Columbia (Maryland) project at an average price per acre which met the major investors' evaluation of an acceptable ceiling. The land purchase effort took place over an 18-month period and consisted of 175 land transactions with 328 individual owners. A number of separate corporations were established to avoid inflating land prices.

The original purchase of two tracts totaled 1500 acres and was made in September 1962 by the Community Research and Development Corporation for $300,000 in cash and an additional $700,000 in borrowed funds. By October 1963, the purchase of the entire tract of 15,000 acres had been completed with $23,500,000 loaned by Connecticut General Life Insurance Company. Connecticut General stipulated that the average cost per acre should not exceed $1500—almost exactly the final figure paid by the developer. In 1965, another $25 million was borrowed for development costs with funds advanced by Chase Manhattan Bank and Teachers Insurance and Annunity Association of America. This brought the total borrowed funds for land assembly and improvement and related development costs to $48,500,000. Not until September 1967, five years after the original land purchase, were the first 100 houses in Columbia sold and the first 262 apartment units available for rent.[50]

The original land purchase in March 1961 of 6,750 acres for Reston, Virginia, was also financed by a real estate firm—the Simon family company—with $800,000 in cash and $12 million in mortgages. Subsequently, additional acreage was bought bringing the total to 7,400 acres. Adequate arrangements were not made to secure additional funds for future land payments or utilities even though by late 1963, in addition to the increasingly heavy outflow of funds for current operations, debt payments had reached about $1 million a year. After an extensive search, a loan of $15 million was arranged in March 1964 with Gulf Oil Corporation.[51]

Additional financing then was obtained from John Hancock Life Insurance Company ($20 million), the State Planters Bank of Commerce in Richmond, Virginia ($5.4 million), and the Empire Trust Company in New York ($2.4 million). By the end of 1964, it has been reported that land development costs alone had reached a total of over $5 million: $2.5 million for the installation of sewers and water lines; more than $1 million for building of the first road, walkways and pedestrian underpasses; nearly $1 million for recreation areas; and over $1 million for land planning. In addition, architectural fees for construction amounted to about $500,000, while the cost of financing the first high-rise apartment building and townhouse units was $2.4 million and $5.4 million respectively.[52] By the time of the dedication of Lake Anne Village (the first village complex) in December 1965, it was reported that land purchase, comprehensive planning, and initial construction costs had totaled $30 million. At the same time, it was reported that the estimated eventual total cost for the project development—7,400 acres to accommodate a planned population of 75,000—would be over $1 billion.[53]

Annual sales were slow though steady. About 300 dwelling units were sold in 1966, and it was estimated that about 360 would be sold in 1967. By late 1967, 800 units had been occupied and the population had reached 2,700. By this time, the total borrowing to finance Reston had reached $45 million and the annual debt service was $2.5 million. To realize an income adequate to meet this charge, it has been estimated that annual sales or rentals of a minimum of 500 to 1000 dwelling units are necessary. Early in October 1967 Gulf Oil Corporation assumed control of Reston through a new company, Gulf-Reston, Inc., installed a new President, and made an additional $12 million in financing available.

The experience of financing Joppatowne, Maryland, provides the final case study of the large financial investments necessary to develop a new community. Joppatowne, judged in terms of sales, had been considered one of the more successful new communities. In five years, the developer had built more than 1000 houses and 600 apartment units on a 1400-acre site northeast of Baltimore. The community's population of 7000 exceeded that of most of the recently built new communities. The developer started with $2 million in capital—$700,000 of which was used for site acquisition. Funds amounting to $7.4 million were borrowed to build the first 710 houses and to start construction of a private water and sewer system. By April 1967 the developers had only $5,000 cash, with $6.1 million outstanding in short-term loans at extraordinary interest rates of 11 and 12 percent. Although assets of $22 million were claimed, more than $5 million in excess of liabilities, they were mostly in asserted land value. When one major lender foreclosed, the developer had to file for bankruptcy. What happened?

The basic problem was striking a balance between heavy debt costs and cash flow.[54] In order to create the appeal felt necessary for sales, improvements (streets, water and sewer lines) were installed at one time for a large area of the development. Some unexpectedly high engineering and development costs also were incurred. Nevertheless, an extensive advertising campaign was waged. When anticipated sales did not materialize and the market tightened, the developer's cash flow was not sufficient to meet obligations. As soon as sales momentum slowed, and just when additional money was needed, corporate investors willing to put in working capital were impossible to find.[55]

To sum up briefly, from the point of view of the private developers it can be stated that they must be able to justify their large initial investment and carrying charges by the *improved* marketability of the land and the *long range* prospects for return on investment. There is, of course, also the additional nonmonetary return implicit in offering a better product to the public. However, even the more optimistic prospects for new community profits, as expressed by James Rouse, indicate that "you won't get rich as fast." Recent cash flow studies analyzing total investments, interest payments, sales prices, and rate of sales for land projected over a reasonable total sales period, netted out at rates of return in the vicinity of 6 to 11 percent on equity invested. Even when a 10 percent increase in "normal" assumed sales price was projected, the return was only 16 percent. When the overall risk factor is considered, and when a return on speculative land undertakings of 20 to 30 percent and more is possible in other land development projects, these are exceptionally modest profits.[56]

From the vantage point of the nation and its urbanization problems—rather than of the private developer—the record shows that fiscal pressures have made it difficult, if not almost impossible, to adhere rigorously to imaginative and innovative plans for physical design and a range of amenities. Moreover, these pressures for all practical purposes have barred any realization of the broader economic and social goals of providing low-income housing in addition to middle-income and luxury housing or a range of employment opportunities. Consequently, they have been unable to accommodate, to any significant extent, a balanced "mix" of residents, representing diverse social, economic and ethnic backgrounds. In short, some new communities have developed significant design features and notable site innovations which do constitute a positive alternative to "sprawl", but few, if any, to date have provided any meaningful answers to the problems stemming from the migration patterns of low-income groups.

GOVERNMENT AND NEW COMMUNITIES

Because of their scale and objectives, new communities present special governmental problems. First, adequate public authority for planning, guiding, and regulating urban growth must be provided. Second, a level of public services adequate to meet the needs of a concentrated urban community must be developed and maintained. Third, a governmental framework must be established within which the new community's pattern and objectives as formulated by the developer will not be thwarted. Finally, an opportunity must be afforded for participation in public decision-making both by its residents and by larger affected jurisdictions. Normally, meeting these needs will call for a changing set of relationships and a shift in official status as the community is planned, developed, occupied, and expanded.

GOVERNMENTAL FRAMEWORK

In the great majority of cases, new community development has started under county jurisdiction, usually in predominantly rural counties. Single-purpose special districts frequently have been used to provide such urban services as water supply and sewage disposal, and in a few instances, multi-purpose special districts having broad governing powers over the area encompassing a projected new community have been established. Special homeowners' or developers' organizations, in other instances, have sometimes been used to provide services on a special fee or assessment basis. There also are a limited number of examples of a large new community area being annexed to an existing municipality prior to or at an early stage in its development. Conversely, in a number of cases, new communities have absorbed existing small incorporated or unincorporated municipalities.

While the normal course taken by an unincorporated community is to seek incorporation after reaching a certain population size, this course of action is not necessarily followed by new communities. Due to varying circumstances, including State practices and customs and an evaluation of services available and costs involved, new communities have frequently remained unincorporated within a county. In Virginia and Maryland, where a number of new communities are being developed, incorporations are limited, with urban counties providing the government for a number of unincorporated communities. In California, the decision to incorporate appears to hinge on whether satisfactory service arrangements, including the formation of special districts, can be accomplished under the county government. On the other hand, if the area of the new community lies in several competing incorporated places, detachments and a new incorporation may be the preferred approach.

The development of most of the large new communities in the unincorporated territory of rural counties presents perhaps the greatest governmental difficulties because basic decisions concerning planning, financing, and providing services and facilities must be made immediately upon the initiation of the project. Yet, the county involved is usually ill-prepared to assist in or to assume these functions. Such problems usually will not be as acute in the unincorporated outlying areas of larger urban counties, since necessary governmental structure, powers, and financing are more likely to be present. Relatively fewer problems are posed by the rarely used approach of annexing the area encompassed in a new community to an existing municipality.

PLANNING

In perhaps a majority of the counties where the current new communities were started, county planning was either nonexistent or of such a limited scope as to prove of little assistance. Even in those counties having a planning staff, their capability to cope with the impact of a development covering 5,000 to 30,000 acres, with a projected population of 40,000 to 1,000,000, was severely tested. Furthermore, as indicated in the ACIR/AIP questionnaire, areawide planning agencies have given little thought to the location of new communities and their relationship to existing and projected urban growth patterns. Thus the major planning initiative has usually fallen to the developers and their planning and design consultants.

In a few cases, the county planning staff has participated and given guidance and direction from the initiation of a new community proposal. For example, the Alameda County, California, planning agency, in conjunction with Contra Costa County and the developer and property owners, prepared a preliminary plan for a new community named San Ramon Village. A system of streets related to the general county land use plan, an integrated network of community facilities, and a full range of land uses were provided for. Increasingly, counties with prior experience in new community development are acquiring this type of capability. Ventura County, California, for example, after its initial role of responding to proposals for the new community of Conejo has now strengthened its planning function so that it can do advanced planning for newly urbanized areas rather than merely responding to a completed developer's plan. The Orange County, California, supervision of the Irvine Company planning for its new community has been identified as superior to what would have been available within an incorporated city.

The experience with Columbia in rural Howard County, Maryland, and with Conejo in Ventura County, California, was more typical. The Howard County Commissioners had been elected on a platform promising to encourage large-lot zoning and thus to discourage growth. The county general plan made no provision for a development such as Columbia and the Columbia development plan was drawn up by the developer. Steps subsequently were taken to incorporate and integrate the Columbia development plan into the county general plan. Ventura County at the time of the initial proposal for Conejo was a largely rural county having little experience with large-scale community development. The county was in the position of reacting to the plans and proposals of the developer's highly qualified and technically competent staff and consultants.

A cooperative relationship between developers and public planning jurisdictions facilitates the evolution of an effective planning process when the capabilities of the public agencies are adequate to assure independent initiative and evaluation. Fortunately, the necessity of coping with such new development has served in a number of counties as the impetus for establishing a strong effective planning staff capable of dealing with developers on equal terms.

LAND-USE AND DEVELOPMENT REGULATION

Similar problems have been faced in providing adequate land-use and development regulation provisions and suitable administrative organization. Large-scale new communities have need of the positive guidance for sound urban growth and the traditional emphasis on protection against abuses and unsound development that public agencies can provide. Yet, many of the counties involved initially lacked planning, zoning, and subdivision control authority. Rural counties frequently have depended on part-time boards and regulatory agencies to administer land-use development controls. Furthermore, those counties that did have such authority frequently were limited to the more conventional zoning approaches which are designed primarily to cope with small subdivision development.

To fill the void left by ineffective public agencies, private associations and privately adopted but publicly enforceable regulatory measures have been employed in a number of communities. Several developments, particularly those making wide use of cluster site design with common open space, have relied heavily on homeowners' and residents' associations and on covenants. The homeowners associations are both areawide—for the supervision and management of common open space in a particular cluster, and communitywide--for the provision of recreational services. They are a method for enforcing certain regulatory measures which were either adopted by the association and incorporated into its articles and by-laws, or incorporated in deed covenants for the property. A more detailed discussion of present practices and new approaches to large-scale development guidance and control is provided in Chapter V.

PUBLIC FACILITIES AND SERVICES

Particular difficulties are faced in providing public facilities and services for new communities in areas which are usually equipped to furnish only rural services. In these instances, public jurisdictions face relatively the same problems as the developer. Such facilities must be provided for anticipated demand at a time when property values and economic activity do not produce sufficient revenue to support such expenditures. A variety of approaches have been used both by developers and by government to cope with this problem.

Perhaps the most extensively used technique is the establishment of new special districts or the annexation of the new community to existing special districts. The formation of special districts facilitates the provision of public facilities and improvements which would otherwise have to be provided by the county, another general unit of government, or by the developer. Because of its legal provisions for the formation of special districts and local government custom and practice, California has had considerable experience in using them to provide facilities for new communities. Developer-formed special districts have been able to issue revenue bonds, and in some cases, when given taxing powers, to issue general obligation bonds. Funds were then available for construction of water supply and sewerage disposal systems, streets and roads, and parks and recreational facilities. The powers and structure of these districts varied considerably. Some were limited to single purposes and could issue only revenue bonds, while others had broad powers and constituted almost a limited-purpose local government with authority both to charge fees and to levy taxes.

The best known use of the special district approach to providing public services and facilities is the Estero municipal improvement district, a multipurpose special district authorized by special act of the California legislature in September 1960. It provides a number of services for the Foster City new community. It can perform a wide range of functions and its governmental organization is in many respects typical of the California developer-formed districts of the late 50's. The developer is in control, since two of the three district directors are elected by property owners on the basis of the assessed value of their holdings. Expensive land fill operations to reclaim low swamplands were the major initial activity of the Estero district. Plans call for a 2,600 acre development worth $650 million when developed to accommodate 35,000 residents.

Although special districts can facilitate the financing of a higher level of facilities and services for a new community, they can create a number of problems. They form a special level of government, in effect, and may not adequately relate representation of the interests of the developer and those of the residents as the area grows. They may not sufficiently relate their financing, planning, facilities, and functions to the efforts of general and areawide governments. Moreover, in a time of readily available investment funds, they can become overextended by borrowing beyond their capacity.

A number of measures have been inaugurated in California to avoid the abuses that developed in some of the special districts. Stricter special district incorporation requirements were adopted; the powers of the District Securities Commission to review the economic feasibility of proposed special districts were expanded; and, perhaps most significantly, local agency boundary commissions were established to supervise the formation, consolidation, and dissolution of local governments. The local agency formation commissions, functioning on a county-wide basis, represent the county, cities within the county, and the public. They exercise review and approval powers in connection with changes in status and in the area of all types of local governments, including special districts. Recently, increased emphasis has been placed upon their positive role in guiding the development of appropriate governmental organization for urban areas. As stated in the law: "Among the purposes of a local agency formation commission are the discouragement of urban sprawl and the encouragement of the orderly formation and development of local governmental agencies based upon local conditions and circumstances."

Intergovernmental contracts and agreements provide a method for a special district or a municipality to furnish services and facilities which might otherwise be beyond the capacity of their own staff, administrative organization, and financial capacity. They serve as a means of realizing economics of scale by participating in cooperative undertakings. They clearly have particular relevance for new communities which are just developing their own governmental structure. The advantages of more specialized programs and a higher level of services that might otherwise be available can be realized through this device.

Moreover, expertise can be provided through contracts with established municipalities or with a county.

One of the difficulties in using this method in a new community may be the lack of an adequate tax base to provide necessary revenue. Furthermore, the availability of services through contract or agreement may encourage governmental fragmentation by facilitating small incorporations of municipalities and of special districts.

Another approach to providing the necessary level of facilities and services for new communities is the creation of a county subordinate service or taxing area. With this device, the levying of special taxes or charges is authorized in specific areas for the provision of a higher level of facilities or services. The distinguishing feature of the approach is that the area does not attain an independent status but remains completely under the county government. This method makes it possible to relate more directly the public services and facilities provided to the revenue necessary to pay for them. The major difficulty in its application to new communities is the necessity to provide financing for facilities in advance of the economic base necessary to produce revenues.

An adaptation of this approach to municipal government was developed to facilitate the annexation of Redwood Shores, a new community development, to the neighboring incorporated community of Redwood City, California. To gain the advantages of an existing municipal government for the new community without burdening the taxpayers of an established community with the costs of major capital projects, such as marshland reclamation and necessary public works, a special fiscal mechanism was created under Redwood City's basic grant of power over "municipal affairs." The Redwood City General Improvement District was established as an arm of city government with the city council serving as the governing board. The District can levy property taxes and issue bonds to obtain capital financing for projects within its borders. The existing developed city is thereby insulated from the liability of financing such projects and the responsibility of repayment falls on the property directly benefitted.

New community developers have used two other approaches which do not depend upon the formation of public agencies or special districts to provide services and facilities. Some developers have themselves undertaken the construction of facilities. In some instances this has been done with the understanding that the facilities subsequently would be purchased by an appropriate public entity when development provided an adequate tax base. In the early development of Park Forest (Illinois), the developer made sites available and built the first school buildings for subsequent purchase by the school district over a period of time. The company also drilled the original wells and built the water plant for later purchase by the community.

Some developers have viewed the establishment of a private water supply or sewage disposal company as a sound investment. Rather than seeking the extension of public facilities or the formation of a special district, they have incorporated a subsidiary or independent company and have constructed their own facilities. After a community services district plan was defeated at the polls, the Janss Corporation, developer of Conejo in Ventura County, California, joined with five smaller developers and a nearby college to establish the Conejo Valley Sanitary Company to provide trunk line and disposal facilities. The company operates as a privately owned public utility and the developer may actually realize a net profit on the enterprise. However, this approach does create some problems, particularly if there is not adequate public regulation similar to the public controls over regular privately owned public utilities. Furthermore, it may not prove financially feasible for development companies alreading undertaking expensive borrowing. Also, urban counties increasingly are seeking control of existing private utilities and are discouraging the formation of new ones.

Through the formation of nonprofit community-wide corporations and cluster area homeowners' associations, additional services and amenities can be provided on a fee or share basis. Membership and participation may be voluntary, but frequently the so-called automatic homeowners' association is used, especially for cluster developments. A person buying property or renting apartments or townhouses automatically becomes a member of the association and is subject to annual dues or assessments. Some of the communitywide, nonprofit organizations combine automatic membership features with voluntary participation by corporations, businesses, and interested individuals.

When it did not prove possible to use a special district approach for the provision of a number of the facilities and amenities that were desired by the Columbia, Maryland, developers, a nonprofit corporation, the Columbia Park and Recreation Association was formed for this purpose. All residents of Columbia normally become members upon moving into a house or apartment. Membership is also available for businesses and industry. The association is responsible for financing, constructing, and maintaining various types of community buildings and service facilities, swimming pools, parks and association open space, lakes, pathways, and some roads. It supervises the operation of the bus system, the child and day care programs, tennis and golf courses, arts and crafts classes, and boating on the lakes. Its properties and maintenance activities are supported by an assessment not to exceed 75 cents per $100 of evaluation on real estate. Apartment assessments are included in the rent. At the outset, the association has nine board members, seven representing the developer and two ex officio. As development proceeds, additional members will be elected to represent the growing number of residents and in time residents will gain control.

PERMANENT STATUS OF NEW COMMUNITIES

Because of its areawide impact, and the need to facilitate the realization of development plan objectives, the final status of new community development presents particular problems. In most States, the ultimate goal would be either independent incorporation or annexation to an existing city. However, past experience—especially with the Greenbelt communities—has documented the difficulties in independent incorporation without adequate preparation. The problem of balancing the basic objectives of the development plan with the traditionally accepted powers of local governments raises difficult questions. Premature incorporation or hasty annexation under existing provisions in many States could result in the virtual abandonment of the overall plan. In most States, incorporation can occur when a required population is reached. Furthermore, with the agreement of an annexing municipality and the area to be annexed, annexation would also be possible at an early stage.

Continued development under the county government which originally approved the new community project, however, would provide protection. Equipping the county to deal with concentrated urban growth can reduce pressures for premature incorporation or annexation and the resulting fragmentation of urban areas. The latter is one of the possible dangers arising from an overemphasis on self-sufficiency and self-containment for new communities. Furthermore, a strengthening of county governments and the authorization of special subordinate service areas to provide the necessary level of services and facilities can limit or avoid the proliferation of single- or limited-purpose special districts as a method of financing services and facilities.

Some form of special status for new community developments also has been suggested as an approach to this problem. Areawide and State involvement is particularly important to represent the broader interests which are affected. The use of a local agency formation commission, State boundary review commission, or other appropriate agency to provide an interim trusteeship or overseeing function would be a logical extension of their present responsibility in a number of States. The development of a State urbanization policy and areawide plans would be needed to provide the framework within which such a function could be exercised.

Another alternative is to permit annexation with adequate safeguards. The provision of broad legislative guidelines and review by boundary commissions or other appropriate agencies has been urged in connection with this approach. There can be early annexation of areas large enough for a new community by existing cities equipped to provide the necessary development guidance and regulation, needed services, and public facilities. In effect, this is what happened prior to the development of the proposed new community of Jonathan in Carver County, Minnesota. As a result of a proceeding before the Minnesota Municipal Commission (the State's boundary commission), the entire territory of the proposed development was annexed to the city of Chaska. The responsibility for sustaining a new community's development objective can be undertaken by an existing municipality having adequate organization and facilities. A number of new communities have been annexed in this fashion, at a single time and some on a staged basis. The use of a municipal service district to facilitate the annexation of the total territory of Redwood Shores to Redwood City, California, has already been cited. A different approach is being followed with Westlake Village, California. That portion which lies in Ventura County is being prezoned for annexation to the city of Thousand Oaks as development takes place. Public services and facilities will be provided by annexation to existing special districts. Similarly, there has been a commitment to annex the Conejo development to Thousand Oaks in orderly fashion over a period of years as development takes place. To finance the added services for annexed areas, it is the intention of the city to depend as much as possible on the sales and gasoline tax distributions to which it would become entitled.

FEDERAL AND STATE PROGRAMS AVAILABLE FOR NEW COMMUNITY FACILITIES

While only one program—the Title X Federal Land Acquisition and Development Mortgage Insurance Program—has been established specifically for new communities, there are a number of Federal and State grant programs that potentially could be useful to encourage and foster this type of development. They have not, however, been widely used for this purpose.

FEDERAL

Table 44 lists selected Federal programs in the areas of housing, planning, water and sewers, transportation, open space, education, and health facilities.

Table 44—Selected Federal Programs of Possible Assistance for New Community Housing and Public Facilities, 1967

Program [1]	Administering agency	Eligible recipient	Kind of assistance: Loans	Kind of assistance: Loan guarantees	Kind of assistance: Grants	Kind of assistance: Technical assistance	Description
New Community Mortgage Insurance for Land Acquisition and Development—Title X.	HUD	Private developers		x			Large-scale development and new community land development costs including financing of public facilities; mortgage insurance extended to 30 years.
Planning assistance grants:							
(a) Urban planning assistance.	do	Cities (less than 50,000); counties; State, regional, and metropolitan planning agencies.			x	x	Grants for comprehensive urban development planning programs.
(b) Advances for public works planning.	do	Any non-Federal public agency.			x	x	Interest free advances to plan public works and community facilities.
Water and sewer facilities:							
(a) Basic water and sewer facilities program.	do	Local public body or agency, nonprofit private corporation serving community under 10,000.			x		50 percent of the cost of land and construction of new water and sewer facilities.
(b) Waste treatment works construction.	Federal Water Pollu- Administration, Department of Interior.	Any State, municipal, or other public body.			x		30 percent of the cost of waste treatment works, including intercepting or outfall sewers; 40 percent if State contributes at least 30 percent, 50 percent if State contributes 25 percent, and project conforms with water quality standards. Grant increased by 10 percent, if project conforms with comprehensive metropolitan plan.
(c) Rural water and sewer systems.	Department of Agriculture.	Public and nonprofit agencies in rural areas.	x		x		Loans (10 percent) and grants for development and construction costs of water or waste disposal systems.
Advance acquisition of land	HUD	Local public bodies or agencies.			x		Grants for interest charges on funds borrowed to purchase land up to 5 years in advance of construction of public works and facilities.
Housing assistance:							
(a) Rent supplements	do	Individuals and families eligible for low-rent public housing; housing owners who provide housing financed under section 221(d)(3).			x		Rent supplement payments to help make certain privately owned housing available to low-income individuals and families.
(b) Low-income housing demonstration grants.	do	Public bodies or agencies, nonprofit groups.			x		Grants to demonstrate new or improved means of providing housing for low-income families, including construction design, land acquisition, land use, and financing.
(c) Home association residential subdivision.	do	Private residential developers.			x	x	Technical assistance and planning assistance in establishing a "planned unit development" with a homes association to provide an alternative to municipal ownership of some, or all, public facilities.
(d) Experimental housing program.	do	Private developers		x			Mortgage insurance to back existing FHA experimental housing program to insure homeowner or renter from loss due to building materials or construction defects.
(e) Rental housing for Low or Moderate Income Families (sec. 221 (d)(3)).	do	Private nonprofit cooperative, limited dividend, public sponsors.		x			Based on below-market interest rates to permit low rentals.
(f) Basic Home Ownership Mortgage Insurance.	do	Residential property buyers and owners.		x			Mortgage financing for single family homes.
(g) Insured and Direct Home Loan Program.	Department of Agriculture.	do		x			Do.
(h) Veterans Home Loan Guaranty and Direct Home Loan Program.	Veterans Administration.	do		x			Do.
(i) Cooperative Housing	HUD	Nonprofit cooperative ownership housing corporation or trust.		x			Mortgage insurance on long-term loans to finance projects owned and operated nonprofit by cooperative corporations.
(j) Condominium Housing	do	Residential property buyers and owners.		x			Mortgage insurance for purchase of an individual family unit in a condominium project.
(k) Multifamily Rental Housing.	do	Investors, builders, developers and other mortgagors.		x			Mortgage insurance to finance recipients for construction of multifamily rental housing projects.
(l) Rental Housing for the Elderly.	do	Nonprofit or profit-motivated sponsors.		x			Mortgage insurance for new projects designed for occupancy of the elderly (62 years or older) or the handicapped.
Public Facility Loans	do	Any local agency in a municipality under 50,000; designated development areas up to 150,000.	x				Long-term construction loans (up to 40 years) for all types of public facilities where such credit is not otherwise available on reasonable terms.
Urban Mass Trnasportation Demonstration Grants.	do	State, interstate, regional, or local public bodies.				x	Grants (⅔ of cost) to test and demonstrate new ideas and methods for improving mass transportation systems and service.
Outdoor Recreation Assistance	Department of the Interior.	States and through their local governments.			x		50 percent matching grants for land acquisition or purchase of easements for outdoor recreation areas and facilities.
Airport Development	Federal Aviation Administration.	State and local public bodies.			x		50 percent grants for planning acquisition, and development of public airports.
Neighborhood Facilities	HUD	Public bodies or agencies.			x	x	Grants to establish multipurpose neighborhood centers for health, recreational, and social services. Grants cover ⅔ of development cost—¾ of cost in redevelopment areas under sec. 401, Public Works and Economic Act, 1965.
Educational Facilities Construction.	do	Public and private colleges and universities.	x		x		Grants and loans to assist recipients in financing the construction of facilities needed to expand their enrollment including extension programs.
Adult Basic Education	do	State educational agencies.			x		Grants for support of instruction programs below college level to persons 18 years or more who have not achieved a high school education.

See footnote at end of table.

Table 44—Selected Federal Programs of Possible Assistance for New Community Housing and Public Facilities, 1967—Continued

Program[1]	Administering agency	Eligible recipient	Kind of assistance				Description
			Loans	Loan guarantees	Grants	Technical assistance	
Areawide Health Facility Planning.	HUD	State Hill-Burton agencies or other public or nonprofit agencies through such State agencies.			x		50 percent grants of project costs to support areawide health facility planning and 75 percent grants in developing comprehensive plans for coordination of health services.
Community Mental Health Centers.	do	State, local public agencies and nonprofit organizations.			x		1/3 to 2/3 grants to finance construction and staffing of mental health centers.
Federal Surplus Real Property.	General Services Administration.	State and local public agencies.					Surplus property conveyed to State and local governments for park, recreation, airport, health or educational purposes.
Small Business Financial Assistance.	Small Business Administration.	Small independently owned and operated business.					Loans for construction, purchase of equipment, and for working capital for business conversion or expansion.
Federal Regional Programs							
(a) Supplemental Grants for Appalachia.	Department of Commerce.	Appalachian communities.	x		x		Supplementary grants up to 80 percent of project costs of all Federal grant-in-aid programs, including airports, vocational education, schools, hospitals, recreation, sewer and water systems and facilities, etc.
(b) Public Works and Economic Development.	do	State and local agencies, private nonprofit agencies.	x		x		Grants up to 50 percent project costs and loans up to 100 percent of land acquisition and improvements for public works and service facilities to encourage industrial or commercial expansion. Only projects in designated "redevelopment areas" eligible.

[1] Programs included could be useful in the physical development of a new community. Several, however, require amendment to be fully effective. See Appendix IV–1 for more complete analysis.

All could be significant to the physical development of the new community—some require amendment to be fully effective. A more complete analysis of these Federal programs, including a brief legislative history of the Title X program, is provided in Appendix IV–A.

STATE

While Federal program evaluation is not an easy task, evaluation of the multitude of programs of the 50 States is even a more difficult one. Nevertheless, a number of existing State programs suggest several possible roles for State participation in the development of new communities.

Urban Planning. Probably the most extensive Federal-State program that could affect new communities is the urban planning assistance program. The 701 urban planning assistance program to small communities (under 50,000) is administered by the States and now involves every State in the Union. Furthermore, forty-four States participate in the statewide comprehensive planning assistance program. Almost half of the States aid localities in planning, either through financial aid (matching the local share of the Federal grant) or providing professional technical assistance. The States appear to have a reasonably strong potential to provide planning assistance for new community development. They could undertake statewide studies for the development of new community location policies and supplement the planning for new communities in rural areas lacking technical expertise.

Water and Sewer Facilities. Several States have established financial assistance for local water and sewer facilities. Illinois has many technical assistance programs for water resources development and contributes to the local share of the federally supported planning grants for watershed projects. In New York, the State pays 100 percent of the expenses for preparation of comprehensive studies to determine present and future water supply system needs. New York also reimburses localities for up to half the acquisition cost of land, land easements, or rights-of-way in connection with watershed protection, flood prevention, and water conservation and development. Pennsylvania has a similar program, while Texas and California lend funds to political subdivisions which cannot otherwise finance their local water projects.

New York also has a comprehensive grant program addressed to the problems of sewage systems. The State pays 100 percent of planning costs for sewage systems studies for counties, municipalities, cities, towns, and other local government units, and one-third the cost of operating and maintaining treatment works. In addition, the State furnishes cities, counties, towns, and other units of local government with their share of the non-Federal matching costs for sewage treatment facilities construction. Five other States —Connecticut, Washington, Pennsylvania, Texas, and California—all have programs providing grants or loans to municipalities or other political subdivisions to aid in the planning and establishment of sewage systems.

Housing. State housing assistance programs suggest a number of arrangements for State participation in new community development. For example, California's Department of Housing and Community Development aids local communities and private developers in providing housing for farm laborers, the elderly, racial minorities, displacees, and low-income persons. Public agencies and private developers (with the consent of the local jurisdiction) are eligible for such assistance.

Arkansas's Office of Economic Opportunity Housing Division provides aid to private housing development for low-income persons and may enter into local planning for municipal development. Connecticut has recently enacted its new Community Development Act, under which the State will pay two-thirds of the cost of developing sites for the construction of low- and moderate-income housing on open or predominantly open land. The State reimburses municipalities for a 20-year period for the full amount of lost tax revenue on this housing. Connecticut also provides grants-in-aid to municipally-approved nonprofit housing corporations to cover the cost of developing such housing, providing associated social services, and staffing and operating the corporations.

New York's well-established housing assistance program includes loans to cities, towns, and villages for the provision of low-rent housing and subsidies to cover the full amount of the annual interest payment, in addition to one percent of the project cost. The municipality must match the State subsidy. The State Division of Housing and Community Renewal may lease up to 50 percent of the units in a limited-profit project for sublease to low-income families, or it may purchase up to 20 percent of the units in a limited-profit cooperative for the same use. New Jersey's Housing Finance Agency, patterned after the New York agency, may float low-interest bonds and lend capital, secured by the middle-income housing, to both private and public agencies.

Hawaii's recently established low-income housing program is patterned after Federal legislation, and provides rent supplements for nonprofit groups sponsoring low- and moderate-income housing. The same act provides for a Community Home Mortgage program and establishes a State sales housing program to enable public housing tenants to buy their units. It also allows a dollar-a-year lease of public lands for developers of low- and moderate-income housing.

An interesting but unused 1933 Illinois law authorizes private housing corporations to construct and operate low-rent housing under the supervision of the State Housing Board. The corporation has the power of eminent domain, but it is limited to a 6 percent return. The device has not been used in recent years because the high cost of urban land has made it economically unattractive. As a limited-profit corporation, it appears eligible to participate in Section 221(d)(3) below-market-rate housing.

The Michigan State Housing Development Authority, created in 1966, provides assistance in the development of housing for low- or moderate-income families. The new law establishes a revolving fund under the control of the Authority to be used to make non-interest bearing advances to nonprofit housing corporations and consumer housing cooperatives. No advances may be made unless it is reasonably anticipated that the corporation or cooperative will be able to secure Federal or State mortgage assistance for the permanent financing of the project. The State advances are to be used for the initial development costs that may be incurred prior to the commitment of federally-aided mortgage financing for a project. If the proposed housing project does not receive Federal or State mortgage assistance and the advance cannot be repaid, the advance then is considered as a grant. Finally, the act establishes the foundation for a State rent supplement program.

Mass Transportation and Roads. About one-fourth of all the States participate or "buy in" the local share of federally aided urban mass transportation projects. New Jersey, Pennsylvania, Rhode Island, and Washington all give capital grants to localities. In addition to Pennsylvania and New Jersey, five other States award demonstration grants to their localities. Technical studies are provided by five States: California; Georgia; Maryland; Missouri; and New Jersey.

All except seven States provide grants-in-aid to municipalities for municipal streets and roads and half of the States make direct capital outlay expenditures on municipal streets including expenditures on some Federal aid to secondary and urban projects which are not part of the State system. Furthermore, all States, of course, make capital outlay expenditures for municipal extensions of the State system.

Open Space Land. Several State programs have been initiated for the acquisition of open space land. For example, in the last three years, California, Ohio, Rhode Island, Washington, Kentucky, Alaska, and New York have all approved major bond issues for this purpose. However, none of the States appear to have used their programs in conjunction with a new community project.

Hospital, Medical, and Educational Facilities. Several States now have, or have had in the past, grant-in-aid programs for the construction of hospital and medical facilities. In 1964, 12 States had active programs—Alabama, Alaska, California, Georgia, Hawaii, Kentucky, Maryland, Mississippi, Missouri, Nevada, New York, and North Carolina. Seven additional States had active programs between 1945 and 1964. In addition to direct grants, four States—Alabama, California, Georgia, and North Carolina—offer State aid to localities to supplement the local contribution to Federal grant programs for hospital construction.

Over half of the States provide grants to local government specifically designated for public school capital construction programs. In a number of States, community and junior colleges are included in the general public school grants for capital construction. In addition, of course, States provide direct funds for construction of State college and university buildings and campuses.

State Supplements. For most of the preceding program areas, in at least some States, State aid is made available specifically designated to supplement the local contribution under applicable Federal grant programs. Table 45 summarizes the extent of such Federal-State-local cooperative financing.

Economic Development Assistance. State economic and urban development assistance programs could make a significant contribution to a national program of balanced urbanization and new community development.[57] Since 1950, 33 States have established an industrial development agency. At the present time, California is the only State without such an agency.

State financial incentives to aid industrial development include: (1) statewide development credit corporations; (2) a State industrial finance authority; (3) State and local tax incentives to industry; and (4) authorization for the issuance of local government bonds to finance industrial development. Only three States currently do not use or authorize at least one of these four financial inducements. Many States use two or more of them.

Full implementation of these programs involves cooperation between several State and local government agencies. In some cases, Federal agencies, private development groups, and business and industry are also involved.

Development credit corporations are privately organized, financed, and managed, but are usually chartered by the State. Their primary function is to provide funds to assist high risk industries to locate or expand within the State. Long-term loans are provided to these industries when financing is not available through regular commercial channels. Thirty-two States now have such corporations, but only 18 of these are on an active basis.

Table 45—State Aid to Localities Supplementing the Local Contribution Under Selected Federal Grant Programs, December 1967

State	Waste treatment works	Airport construction	Hospital construction	Urban planning[1]	Water and sewer facilities	Urban mass transportation
Alabama		x*	x	x		
Alaska		x[2]				
Arizona		x				
Arkansas				x		
California		x*	x			x
Colorado	x					
Connecticut	x[7]	x[3]			x[4]	x
Delaware	x				x[4]	
Florida						
Georgia	x	x	x			
Hawaii		x[3]				
Idaho		x*				
Illinois		x				x
Indiana	x				x[5]	
Iowa		x				
Kansas						
Kentucky		x		x		
Louisiana						
Maine	x	x[6]				
Maryland	x	x[6]			x[5]	
Massachusetts	x	x				x
Michigan		x[3]				
Minnesota		x*				
Mississippi		x*				
Missouri	x	x				x
Montana		x*				
Nebraska		x*				
Nevada						
New Hampshire	x	x*				
New Jersey	x			x[7]		x
New Mexico						
New York	x	x[6]		x	x	x
North Carolina		x	x	x		
North Dakota		x[6]				
Ohio		x				
Oklahoma		x				
Oregon	x	x*		x		
Pennsylvania	x[7]	x*[3]			x	x
Rhode Island	x[7]	x[2]		x		x
South Carolina		x				
South Dakota		x*				
Tennessee	x	x		x		
Texas	x	x				
Utah		x*				
Vermont	x	x			x[8]	
Virginia		x*				
Washington	x					x
West Virginia						
Wisconsin	x	x*		x	x[9]	
Wyoming		x				

* Some or all aid from aviation-related taxes and revenue.

[1] Except for New York, consists of the provision of staff services which are credited toward the local contribution.

[2] Owns all or most of the airports.

[3] Owns and operates some of the airports.

[4] Sewer only.

[5] Loans only.

[6] Bond issue.

[7] Hardship only.

[8] Only in cases of proven hardship.

[9] Limited application.

The State industrial finance authority is a device for making public funds available for industrial development. Funds are either appropriated by the legislature or raised through the sale of bonds. Twenty States now have such a program. Twelve of these States offer aid directly to local development agencies in the form of low-interest loans.

Two other types of State economic development aid are the loan guarantee and the building authority. These programs raise money in the same manner as the direct loan program, but in the case of a loan guarantee the money is used to insure loans made by commercial authorities. This approach is used by six States. The building authority—utilized actively only in New Hampshire—allows the State to develop industrial sites and construct plants for lease or sale.

State and local tax incentives to aid industry have been offered for several years. If "free-port" legislation (which exempts from State taxation goods stored within the State for shipment out of State) is included, 41 States now practice this form of aid. The number is reduced by 50 percent if "free-port" laws are not included. This type of aid takes the form of long- or short-term exemptions from State and local income and excise taxes, rapid write-off of industrial capital investment, reduced tax rates, or a tax stabilization plan.

Local government industrial development bond financing which finances plants for lease to industry with tax exempt municipal securities is increasingly coming under fire as being self-defeating. The Commission dealt with the subject extensively in an earlier report.[58] In early 1968, initial steps were taken first by the U. S. Treasury Department and then in Congress to constrict the tax exempt status of income from such securities. The Commission modified its earlier position and urged Federal action to end the tax exempt status of municipal industrial development bonds.

Technical Services and Assistance. Financial assistance is not the only method States have of aiding economic and urban development. Almost every State agency offers services or performs functions that affect local communities. Thirty-one States offer land-use services to localities while 28 have a zoning service that is used by local units of governments. Twenty-eight States perform water and sewer services while 26 aid localities with housing and health services. Table 46 indicates selected planning and technical services that are performed by State agencies for local communities.

NEW COMMUNITY DEVELOPMENT OPPORTUNITIES

As the problems resulting from the urbanization of the Nation's expanding population become more serious, the planning and construction of new communities may be viewed as an unparalleled opportunity to combine private enterprise and business objectives with the broader social, economic, and political goals of American society. It is apparent from the previous discussion in this section of the report that the achievement of such goals depends largely on the nature of the development group and the extent of

Table 46—State Services to Local Communities (1966)

State	Planning and technical services									Offers special courses	Sponsors conferences	Makes special studies
	Land use	Zoning	Assessment and taxation	Transport and communications	Power and fuel	Water and waste	Housing and health	Legal	Engineering			
Alabama	x	x				x	x					
Arizona											x	x
Arkansas	x	x				x	x	x		x	x	x
California											x	x
Colorado	x	x	x	x	x	x	x	x			x	x
Connecticut	x	x	x			x	x			x	x	x
Florida	x	x	x	x	x	x	x	x		x	x	x
Georgia	x	x	x	x	x	x	x			x	x	
Hawaii											x	x
Idaho												
Illinois	x	x				x	x				x	
Iowa	x	x	x	x		x	x	x	x		x	x
Kansas											x	
Kentucky	x	x	x			x	x	x			x	x
Maryland	x	x	x	x		x	x	x	x		x	x
Michigan	x	x									x	x
Minnesota	x	x	x	x		x	x			x	x	x
Mississippi			x	x		x		x			x	x
Montana											x	
Nebraska	x	x	x	x	x	x	x	x	x		x	x
Nevada												x
New Jersey	x	x	x	x	x	x	x	x			x	x
New York	x	x	x			x	x			x	x	x
North Carolina	x	x	x	x	x	x	x					x
North Dakota	x		x	x	x	x	x	x			x	x
Ohio	x	x	x	x	x	x	x		x		x	x
Oklahoma	x	x		x	x	x		x		x	x	x
Oregon	x										x	
Pennsylvania	x	x	x	x	x	x	x	x			x	x
Rhode Island	x	x	x	x	x	x	x			x	x	x
South Dakota						x	x					
Tennessee	x	x		x		x	x					
Texas	x	x				x	x			x	x	x
Utah											x	x
Vermont	x	x	x	x	x	x	x	x	x	x	x	x
Virginia	x	x	x	x	x	x	x				x	x
Washington	x	x		x		x	x			x	x	x
West Virginia	x	x									x	x
Wisconsin	x	x	x	x	x	x	x	x	x		x	
Puerto Rico	x	x	x		x	x	x		x		x	

Source: The Council of State Governments, "Economic Development in the States" (Chicago, Illinois, 1967), p. 25.

governmental participation. Some of the recurring themes in this examination of past and present experience are relevant in terms of the opportunities presented by new community development.

Planned new communities in the United States have been developed by private industry, the Federal Government, real estate firms, and philanthropic and other special groups. Their specific objectives then clearly have varied.

The developers of company towns have been primarily interested in an available labor supply. Hence, such towns have been built near or surrounding a manufacturing plant or close to a source of natural resources. Some communities similar to company towns have been constructed by Federal agencies, but in this instance to accommodate a labor supply for such public projects as power and reclamation dams, atomic energy installations, and shipyards.

Other Federal developments have been demonstration projects with social objectives. A number of planned communities have been built by philanthropic agencies for such demonstration purposes as housing and community planned improvements.

Most new community developments today are being undertaken by private real estate developers interested primarily in profit from the sale of land, or houses, or both. Real estate developers of the type identified as community builders are concentrating primarily on communities within commuting distance of large metropolitan centers. These communities generally have shopping facilities, and may provide such amenities as golf courses, swimming pools, artificial lakes, club houses, and community centers. Most of the larger developers include industrial and commercial sites, and some have been very successful in attracting manufacturing, warehousing, research, and similar enterprises.

A number of developers are focusing upon more specialized types of communities which have some or most of the traits of new communities but which lack a balance among such characteristics. Some developments are primarily residential communities having only limited shopping facilities of a strictly neighborhood nature, and lacking extensive industrial, retail, or commercial areas. Other residential developments are even more specialized as retirement villages which do not require public schools. Some are restricted to vacation and recreation facilities which initially make no provision for year-round residence, although as time goes on their character may change.

A final approach is the "planned centers and communities" or "multi-purpose centers" type of large-scale urban development. This envisages the construction of a multi-purpose center comprising retail, commercial, hotel, cultural, educational, and multi-family facilities as the generator and focal point for surrounding single- and multi-family residential growth. To incorporate these elements, it is necessary for the public jurisdiction (usually a county) within which the development is located to exercise vigorous planning and land use control authority and supervision. Although there are probably no existing examples in the United States of the complete implementation of this approach, such locations as the Oakbrook shopping center west of Chicago and the Southdale center outside of Minneapolis-St. Paul serve as partial examples.

While it is evident that a wide range of purposes have motivated those who have embarked on the hazardous project of new community planning and construction, the common characteristics of such undertakings have been the development of large tracts under one ownership following a fairly precise, inclusive plan for all of the ultimate geographic area and incorporating some of the facilities and amenities for the whole community which normally would not be available until a considerably later period. Within the framework of a well-planned environment responsive to social and economic needs and goals, there has usually been a desire to provide a quality of housing, public facilities and services, and amenities unavailable in conventional tract subdivisions. Although it has been recognized that certain of these objectives could be achieved through the extensive planning and supervision of any large-scale urban development, it has been contended by some that the building of new communities offers greater opportunities for the realization of the full potential of large-scale urban development.

BETTER PLANNED AND MORE EFFICIENT URBAN ENVIRONMENT

Designing and building a new community from the ground up provides a unique opportunity to plan for orderly growth with the most desirable location, timing, and sequence. It is possible to relate the new community development to areawide, regional, and national urban development plans and objectives. The continuous planning process required permits adjustments between the actual rate of growth of a new community and job opportunities within or near the community and the need for public facilities, transportation, public services, and commercial and retail establishments. Public investments can be related both to a projected and an actual rate of growth and anticipated need and capacity can be incorporated into current construction, thereby avoiding the necessity for later costly replacement or upgrading.

Planning and design in a new community can be on a large enough scale to incorporate features which are difficult to obtain on a piecemeal design basis. For example, an improved relationship between work and residential locations can be established through balanced development and distribution of economic activity. Greater ease of internal movement can be planned by separating types of motor vehicle traffic and in turn isolating them from pedestrians. Moreover, the size and location of commercial and public buildings and other facilities can be more easily related to traffic patterns in order to minimize congestion.

The large-scale planning required for a new community can also produce an improved esthetic environment and provide amenities not otherwise available. It can furnish a variety of types and range of costs of houses and lots including single family and townhouses, garden apartments and highrises. Such planning can also provide a range of cultural and recreational opportunities.

IMPROVED PATTERNS OF LAND USE

As a component of overall economic development, land use, and urbanization policy for the country, new communities afford the opportunity for accomplishing a more efficient use of land for urban purposes. For example, given new technologies and modern communications-transportation systems, urban development no longer need be restricted by the rigid, outdated emphasis on physical proximity of natural resources. With this greater freedom, land can be acquired at a lower price with a resultant reduction in the cost of housing and other urban facilities. In addition, the random pattern of discontinuous, low density development can be avoided, and the concept of urban land as a public asset and a natural resource can be fostered.

Curtailing Sprawl. The problems involved in the curtailment of urban sprawl have been discussed in chapters one and three of this report. At this point, it is sufficient to note the importance of the use of planning and the staged development of a whole community as a means of overcoming the costs and burdens of scattered, unrelated population growth, while still retaining many of the desirable features reflecting the personal preferences which urban sprawl is said to represent.

The Economics of Urban Land Use. Construction of large-scale, planned new communities as part of a total economic development and land use policy can minimize or overcome some of the economic problems of the present patterns of urban development. The cost of land for urban development can be kept down in a number of ways. Prior to the extension of public utilities, enough lower priced land can be assembled for self-contained new community locations outside of rapidly growing metropolitan areas. Housing and development costs can thereby be reduced.

The assembly of adequate blocks of land for satellite new community development as part of a total regional urban development plan can help to avoid artificial shortages of land created when bypassed parcels are held for speculative purposes. Such speculation is frequently encouraged by prevailing assessment and taxation policies, which undertax land in relation to building on the land and which further may afford preferential assessment treatment to some types of land such as farm land, without adequate requirements. The cost of land for urban development within metropolitan areas can also be minimized if a public development agency is established having eminent domain powers to assemble land for new community development. Moreover, if public acquisition of land precedes construction of public facilities, the initial price of land can be held down and part of the subsequent increase in value can be recaptured for public purposes.

Staged development based on an overall community plan can serve to reduce the pressures for rezoning and irrational land development, since opportunities for intensive commercial and industrial development will be clearly identified, and overall financial values attributable to the new community development will be spread more evenly and predictably among development sites.

Open Space and Recreation Lands. New community development can facilitate relating neighborhood park and recreational opportunities, municipal open space and parks, and regional facilities to needs reflected in population location and densities. An element of flexibility can be introduced if a governmental jurisdiction has authority to acquire land for future urban development. It would then be possible to assemble land in a sector in which development was anticipated and to keep it available for use as open space, public facilities, and recreation.

EXPERIMENTATION AND INNOVATION

A unique potential of planning and building a new community from the ground up is the chance to break away from conventional thinking and to attempt new arrangements without the constraints of existing patterns and established interests and rights. This can be viewed as analogous to and an extension of one of the advantages of a Federal form of government as distinguished from a unitary form. The States have frequently been described as ideal laboratories for trying innovations which subsequently can be adapted for broader use. New communities offer a similar advantage. While opportunities are presented with any type of new community building, it is argued by some that they would be multiplied if a new public or mixed public-private entity were created and given responsibility for the development, including the exercise of regulatory authority over land use and building construction.

A Market For Technological Advance. It has been suggested that a combination of three major elements are needed to produce the advanced city building technology of which the nation's economy and scientific and technical establishment are capable: theoretical and applied research must be undertaken, constraints and limitations on the application of new discoveries must be removed or eased, and a market for the new products and techniques must be created. New communities provide an opportunity to experiment with new types of building codes, particularly those oriented to performance standards, to test land-use control techniques other than conventional zoning, and to negotiate new agreements with building trade unions including, for example, removal of some of the restraints on introducing new materials and labor techniques in return for broadened opportunities for year-round employment. Fully as important to a more rapid introduction of new technology is the assurance of a market that will allow producers to recapture the costs of research, experimentation, and innovation. The result then could be that "the projects themselves establish a marketplace for the evolution of the methods and the technologies needed to get them done. The very existence of a continuing series of projects creates a market for the corresponding continuing evolution of the technologies that are likely to be needed to support them and to support the creation of new and as-yet-impossible projects." [59]

Flexibility in Regulation. Unduly restrictive, archaic, and misdirected building codes, zoning regulations, and land-use controls are commonly cited as contributing to the failure to realize the full potential of technological advances and industrial capability. In its study of building codes, this Commission identified the need for changes which would promote uniformity and improve performance standards.[60] At present, the multiplicity of varying requirements in building codes administered by a host of local jurisdictions, along with the preponderance of rigid specification codes, serve to limit technological innovation. The cost of gaining certification in the face of varying specifications for materials and building techniques further limits innovation. Moreover, the specification approach itself, under which particular materials and systems are authorized, rather than performance characteristics required, places further handicaps upon innovation.

The wisdom of contemporary zoning in the United States, as it is used to control the bulk, use, intensity, location, and density of development, is increasingly challenged. While impeding new and innovative design approaches to urban development, it also frequently fails to accomplish its purpose of protecting existing patterns and of providing meaningful separation of types, since rigid zoning invites variances and conditional uses. One authority on zoning has questioned the desirability of zoning as it is usually practiced today:

> . . . zoning is a police power measure enacted by units of local government under permissive State legislation. Zoning regulations establish in advance of applications for development, groups of permitted uses that vary from district to district. These regulations are not necessarily related to other regulatory devices or to any community plan. They are administered by officials having only limited discretionary powers. Ultimate review of the regulations and the actions of administrative officials under them is by appeal only and is a judicial function.[61]

In a new community, the weight of pre-existing patterns of building code regulations, zoning, and other land-use controls would either be absent or minimized. Hence, a major deterrent to testing new approaches would not exist. In some cases, this would require exempting the new community area from State or countywide minimum building codes and from county zoning provisions. A major advantage of new community development would be the absence of existing vested interests in a particular type of building code regulation or zoning pattern. The opportunity would be presented for taking a more flexible and adaptable approach—such as relating land-use controls more directly to tax policy, comprehensive plans, and other land development measures.

Program Innovation. One of the major characteristics of providing services in new communities is the need to render an adequate level of service to a population which initially will be too small for many specialized programs, yet will rapidly increase—thus providing an opportunity for imaginative experimentation. For example, a new community could review the possibility of a total environmental health program anticipating future growth. The community could be designed to make sites available for multi-purpose neighborhood and areawide health centers, possibly in conjunction with civic and commercial town centers. These locations could be coordinated with transportation plans, location of jobs, and other community activity with relative ease.

The opportunity also will exist for developing an educational system encompassing the community activities of all age groups. The elementary school could serve as a neighborhood center; the high school as an integral element of the community center, with its facilities extended to fulfill civic as well as educational needs; and the university as an urban campus woven into the structure of the city, reflecting the close relationship between the university and private research institutions and industry, as well as the broad cultural influence that the college can exert on the entire community.[62]

Administrative Organization. New communities can contribute to the improvement of governmental organization in two ways. First, if they are properly planned and located, their potential size and the provision of land for future growth can eliminate the multiplication of small local government units which frequently are incorporated without due regard to the overall pattern of urban development.

Second, the development of a new community provides an opportunity for devising new governmental structures and patterns unhampered by the constraints of existing jurisdictional boundaries. A new community can be provided with a form of government which will facilitate a unified growth pattern and be related to areawide urban development. Some functions will be provided on an areawide basis. Others will be provided locally by the new community, perhaps initially through agreement or contract arrangements until a sufficient size is achieved to support their independent provision. The possibility of using the county or a multi-county unit, supplemented by local representation and participation, for the provision of local services might also be attempted. The basic point is that experimentation is possible in relating local governmental needs to areawide demands and to State and national development goals, while retaining the essentials of our democratic system.

BROAD HOUSING AND EMPLOYMENT OPPORTUNITIES

Through effective planning, land-use control regulations, zoning, and development controls, as well as available public programs, it would be possible to furnish a wide range of housing types at varying costs, including low-income housing provided either directly or through rent supplement arrangements. This objective could be accomplished directly if an urban development authority were established having jurisdiction over the disposition and use of land. It could be facilitated indirectly by incorporating in Federal and State urban programs a requirement for low-income housing.

A new community could transcend some of the patterns of social stratification which have emerged in older communities. Realistic ratios of lower, moderate, and upper income residents of varying social, ethnic, and racial backgrounds could be encouraged. Moreover, if economic, commercial, and industrial development and employment opportunities were available, along with job training and education for contemporary urban living, the provision of a range of housing opportunities would be undergirded by the support required to make it viable.

Some have suggested that one approach to the problem of the ghetto is to encourage the dispersal of its residents out of the central cities. One feature of such an approach could be the provision of low-and moderate-income houses in new communities with a mixed residential pattern.

ECONOMIC DEVELOPMENT AND THE LOCATION OF URBANIZATION

Programs for new communities, for facilitating the sound growth of existing municipalities, and for rehabilitating and strengthening large metropolitan centers are among the possibilities available to further a positive national urbanization policy. Governmental decisions already exert a profound influence upon both areas. The impact of these decisions is frequently unrelated to overall national, regional, or State goals and, in fact, may run contrary to such objectives. Desirable options may be hampered or foreclosed by the indirect effects of some programs. The development of a new community program in conjunction with an economic development policy could focus government programs on desirable objectives and assist in directing them so that they would re-enforce one another. For example, if a goal of encouraging new centers of economic and urban growth is adopted, new communities can provide a means for accomplishing this objective. By marshalling and concentrating public programs and private enterprise initiative in particular areas, the opportunity for diversity and greater balance in urban developmental patterns can be better achieved.

INVESTMENT OPPORTUNITIES

New communities also can be viewed as a method of providing an investment opportunity on a large-scale basis. From this perspective, investment in land for a new community furnishes the opportunity of a long-term, large-scale real estate venture. While experience has shown that the speculative "windfall" type of return cannot be expected from new community land development, such investment is an opportunity to cash in on returns from a booming real estate market with fairly rapid appreciation. Whereas a primarily speculative return involves holding land until development catches up with and envelopes it, new community investment offers an opportunity for the exercise of entrepreneurial efforts to influence the rate and timing of return. The community plan for development, and government acceptance of such a plan, provide a degree of predictability and a commitment to a specific type and rate of development. It also furnishes a limited opportunity to large corporations for diversification of investments and for the realization of certain tax advantages through the treatment of capital gains and depreciation. Furthermore, the critical need for large initial cash outlays may provide an opportunity for some investors to deduct initial expenses from other income, thus increasing their ultimate return when a profitable position is attained. A recent analysis of these tax advantages, however, indicates that such opportunities are somewhat limited.[63]

LAND MARKETING TECHNIQUE

The development of new communities may be viewed primarily as a method of putting land on the market for urban, commercial, and industrial uses. In these terms two special advantages are offered by the land marketing technique. First, if improvements and amenities are provided, it can give the land holder a competitive advantage over others selling land in the same market. Second, for a land holder already owning the land, particularly if it has been held for a long while, it provides an orderly way of developing a market and disposing of land over a period of time, thereby assuring a steady return. A less advantageous situation prevails when a developer must acquire a large enough land tract for new community development prior to its marketing. In this case, the competitive advantage of the new community assumes major significance.

STANDARD SETTING MODELS

New communities are viewed by some as presenting an important opportunity to demonstrate varying kinds of urban environments which in turn can serve as models. In this light, new communities, even in rather limited number, can be significant on an experimental or demonstration basis. They could provide a yardstick against which communities developed on different bases could be judged. A leading urban planner recently observed: "We particularly need planned new cities to set design standards for a population which has come to accept scattered, unorganized growth as the norm. We have few distinguished examples of how beautiful an urban area can be. Thus, we urgently need 50 to 100 standard-setting models. With even a dozen demonstration new cities in the next decade we might logically expect the merit of those performances to attract the national support required to create a national policy.[64]

PUBLIC AWARENESS AND ATTENTION TO URBAN DEVELOPMENT PROBLEMS

Quite clearly, a number of the goals of new community development can also be achieved by different means, particularly through other types of large-scale development. Yet, the enterprise of planning, organizing, and building an entire new community focuses public attention in a way that a series of separate and often unrelated development decisions cannot. Relationships among local goals and aspirations and broader regional, State, and national goals are more readily apparent. The attention of major governmental institutions and of the public-at-large can be more easily gained. Public agencies can concentrate their attention and resources on a project the size of a new community and make more effective use of their limited staff resources.

PROBLEMS FACING NEW COMMUNITY DEVELOPMENT

Deeply ingrained in the collective experience of the American people is a belief in the idea of progress and in the capacity of man to improve himself and his environment. These basic tenets—among other things—have prompted repeated efforts to build planned new communities geared to achieving the ideal of a gracious and liveable physical environment and to implementing certain social and economic goals.

While new community development holds real promise as an improved pattern of urban development, as a curb on sprawl, and as one means of promoting a national urbanization policy, their record to date indicates that they face a number of problems. The most critical difficulties can be summarized as follows:

- If the potential of new communities which distinguishes them from tract subdivision development is to be realized, exceedingly large initial investments in land, land development, and such amenities as neighborhood recreation centers must be made, entailing exceptionally heavy annual carrying costs in anticipation of future sales and the accompanying growth in tax base which will produce ultimate profits and public revenues.
- Governmental decisions regarding planning, land use control, and program development which will protect both the public and the developers' interest in the project must be made initially in anticipation of a local constituency and political and community leadership which is not yet present.
- Because of these fiscal and other factors, new communities thus far have been unable to provide a range of housing and of job opportunities, hence

no balanced "mix" of residents; efforts to achieve these social and economic goals in a new community context seemingly would require the combined effort and cooperation of the developer, government, private industry, and the residents themselves.

Probably the single most difficult problem encountered by a new community developer is the assembly and development of adequate land at a cost which will average out at a competitive level for various projected purposes and produce enough total return to provide a reasonable profit. Directly related is the question of financing the extremely heavy carrying costs during the extended period before land sales are adequate to eliminate the indebtedness incurred. This problem is not as acute where the new community approach is used as a marketing device by a large landholder. However, the number of tracts of land still in private hands, which are of sufficient size and of appropriate location for new community development, is extremely limited. Most of these holdings are situated in the West, primarily in California. As public lands are reclassified, some strategically located new tracts may become available for development, but present indications are that most reclassifications for urban purposes will be of a size and location more suitable for the expansion of existing cities by annexation rather than for the creation of new cities. It can be anticipated that the land assembly and development problem will continue to be a major limiting factor in new community development.

The second major problem faced in the development of new communities is the need to provide an appropriate governmental structure to guide, direct, and serve a community which starts fresh and encompasses the total projected area of its ultimate growth. The public jurisdiction must make decisions regarding plans for the direction of development, must exert appropriate controls to guide the development, must adopt policies regarding public facilities, and must provide public services for an area having a population too small at the outset to meet minimum standards for incorporation. To complicate matters, the development frequently will take place within a rural county which is not equipped to assume jurisdiction over an area destined to become urban in nature. In contrast, conventional large-scale subdivision development normally occurs either in areas annexed to existing municipalities with established governmental structures or within the confines or urban counties that can cope with land development problems.

This difficulty must be resolved, because if the goals of the new community are to be realized, a governmental structure is necessary to protect the developer's plan and to realize such public objectives as the provision of a range of housing opportunities and the encouragement of a diversified economic base. Achievement of these public goals, in effect, comprise the third basic problem area. If they are ignored, new community developments may offer meaningful planned physical alternatives to the present pattern to sprawl. Yet, they will hardly provide any significant answers to the problems we face as a consequence of present and projected migration patterns of low income families.

Public decisions then must be made which anticipate a growing constituency and which involve goals and preferences only generally predictable. The timing of these decisions is critically significant. If incorporation as a home rule municipality occurs too soon without an adequate understanding and acceptance of the broader goals of the new community, the very purpose which justified its special investments and procedures may well be lost. On the other hand, if incorporation or other permanent arrangements are too long postponed, a dependent area without the requisite community identification and political leadership may develop.

A related problem is that if incorporation is sought, the efforts of new communities to become financially self-sufficient, coupled with the basic concept of a community planned as a single self-contained unit, can serve to foster fragmentation in an urbanized area. In order to provide a tax base sufficient to produce revenues for public services, new community builders strive for a higher assessed valuation in nonresidential land uses. This action also can assure a wide variety of jobs for residents. However, it encourages competition for revenue producing industries and commercial activities as a means of keeping taxes low —frequently at the expense of the surrounding area. Unless there is strong areawide planning and effective State tax equalization programs or area-wide taxes, new communities may become a source of further governmental fragmentation.

A fourth basic difficulty is the inherent need for flexibility in the face of a fairly rigid and well entrenched land use regulation pattern. This rigidity is buttressed by a traditional concern for the protection of private property rights. While increasing urbanization and the accompanying greater use of higher density housing has prompted some reassessment of land use patterns, the single-family house situated on a third or a quarter of an acre in a suburban setting is still a strong aspiration on the part of many, and in an age of prosperity an increasing number can pay the price.

Finally, public attitudes and preferences represent one of the major imponderables in assessing the prospects of new communities. Experience to date provides only scant indication of the public reaction to independent, diversified new communities. Those areas with which people have been most familiar are primarily attractive suburban developments located in metropolitan areas. Response to innovative architecture has been mixed. There is still a strong attraction to single family quarter-acre lot houses, but cluster townhouses at reasonable prices have also been popular. The residents of these developments have been mainly of middle-income, white collar background, although certain older communities, particularly those located near industrial sites, also have some lower-middle income blue collar workers living in them. The question of public attitudes toward a location away from existing urban concentrations and a diversified population is more difficult to assess. The growth of many medium-sized cities out of metropolitan areas and the movement of industry to them would seem to indicate a willingness to seek new locations. The acceptance of a mixed population is harder to evaluate. Some opinion survey results and considerable practical experience indicate that vigorous efforts will have to be mounted if new communities are to overcome their tendency toward homogenized, economically and socially segregated environments.

THE CHALLENGE OF NEW COMMUNITIES

For new communities to fulfill their greatest potential as an element in national, regional, and State urbanization plans, it is necessary to reconcile broad social goals with the economic objectives of developers. This will require a variety of urban design, institutional, and financial measures which can be imaginatively related and effectively administered. Yet, the sources of potential conflict are numerous. For example, private developers cannot be expected to bear the cost of generalized social benefits which may flow from certain new community programs. The provision of low-income housing will require creative planning, public education, and special urban design features and it must be related to job opportunities and commercial and industrial development. Planning for more economic and efficient land use patterns in new communities and large-scale developments, including increased use of higher density townhouse and high-rise housing, must be reconciled with personal preferences and market demands which still emphasize single-family lower density tract housing—especially on the metropolitan area fringe where land for satellite new communities or large-scale developments is most likely to be available.

However, perhaps the greatest requirement for the development of new communities is public recognition and acceptance. The public, in general, and private developers and government, in particular, must become aware of the distinctive advantages of new community development as one of a variety of types of large-scale urban development. More important, they must recognize the opportunities presented by new communities in combatting such attendant problems of increasing urbanization as sprawl, blight, and congestion; moreover, they must be willing to seek the realization of these objectives. Private and governmental action clearly is required to provide the physical, economic, and social framework of new communities. Yet, if new community development is to be effectively sustained and promoted, it must become meaningful and relevant in human terms. The goals of new community development represent one means to promote planned, orderly large-scale urban development and to achieve a balanced urbanization policy. Yet, as perhaps best exemplified in the attempt to provide a racial and an income mix in developments, these objectives are social as well as physical. If the urban environment is to be humanized, as well as rationalized, it will require an expanded partnership which goes beyond private and governmental action to include and ultimately to depend upon public recognition, acceptance, and support.

Footnotes

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Chapter V

Guidance and Controls for Large-Scale Urban Development and New Communities

THE ENORMOUS SPREAD of urbanization since the war and the prospect of even greater spread in the future has alerted the Federal, State, and local governments to seek ways and means of checking its abuses and accentuating its constructive creative possibilities. While independent and satellite new communities give a chance to start fresh without the handicaps of a pre-existing city pattern, even their most enthusiastic advocates recognize that they cannot completely replace the more conventional type of urban expansion. This chapter then deals with land-use controls that would foster more effective large-scale urban development generally, including new communities specifically—and all with a view toward improving our urban environment. Existing land-use controls and practices are summarized at the outset. Possible new approaches then will be explored. At times, the analysis will be suggestive and speculative and this is only proper, given the limited practical experience in the United States with general planning and control of large-scale development.

LAND-USE CONTROLS, PRACTICES AND PROBLEMS—AN OVERVIEW

Possible government action relative to large-scale urban development would have two purposes: one essentially positive in character, and the other more negative. First, if it is assumed that large-scale urban and new community development is in the public interest, governmental jurisdictions could encourage urban development on this scale and assist private enterprise to operate at this level. Secondly, large-scale development imposes heavy burdens on the public and can work against the public good when not properly timed, located, financed, or designed. Government, therefore, may need to develop and invoke certain controls to protect the commonweal.

Land use regulations may perform three functions. They provide development *guides and standards,* establish certain *restraints* on development, and offer *inducements* to encourage better design and land use. All may be present in a single instrument. Thus, a zoning ordinance may set a minimum lot size *standard* of 10,000 square feet, which *restrains* the developer from creating a lot smaller than that size. But at the same time, to *induce* the developer to set aside more public open space, the ordinance may allow him to cluster houses on 4,500 square foot lots if he consolidates in a common green area a matching 5,500 square foot area for each house. While land-use regulatory devices often perform more than one function, it is useful to discuss separately their application to large-scale development and urban growth.

GUIDES AND STANDARDS

In theory, a comprehensive plan is a statement, in words and graphics, of a government's determination as to how its jurisdictional area should be developed and appear at some future date. It is, or should be, a guide to the large-scale developer in preparing the detailed plans for his property.

Under present law and practice, however, comprehensive planning is likely to have many weaknesses. For one thing, a government usually has no clear authority to enforce compliance with a comprehensive plan as such. Some enforcement of a land-use plan may be obtained through zoning in built-up areas, but in undeveloped areas, especially agricultural zones within the urbanizing frontier, legal as well as political and economic pressures often combine to make a comprehensive plan meaningless. Moreover, many jurisdictions appear to have no particular desire to maintain the integrity of a comprehensive plan. This situation is especially true of attempts to carry out county or regional plans, which almost without exception, are the type of plans to encompass new community or other large-scale development. Moreover, there are still relatively few plans for sparsely settled areas, particularly for those in which large-scale developments might be located.

Finally, comprehensive plans often fall short of being comprehensive. In the first place, the same aspect of development is often planned with less-than-perfect coordination by different governments, such as the land-use plans of adjacent cities, or of a city and a county. In other instances, different elements of the plan are prepared by different government entities, such as a thoroughfare plan by the State highway commission, a land-use plan by the county or regional planning agency, and a medical facility plan by a hospital planning council. In addition, important elements of development are omitted from the comprehensive plan and, most significant for a new community development, specific plans for housing based on the income level of the population are rarely found in comprehensive plans for undeveloped areas.

Zoning is the most common and most powerful land-use regulation employed by an overwhelming majority of local governments. Zoning acts as a *guide* for development when it designates specific areas for specific uses, such as low-density residential, high-density residential, commercial, and industrial uses. In its application to large-scale development, however, conventional zoning practices have many weaknesses. In open, undeveloped or rural areas, zoning's usefulness as a guide to urban development is limited because the districting is so general as to be meaningless or the area is zoned exclusively for agriculture or low-density residence thereby ruling out the range of uses necessary in a new community. As was pointed out before, legal, political, and economic pressures on zoning in these undeveloped areas make it difficult, if not impossible, to hold to a zoning plan, no matter how appropriate it might be.

Another problem with conventional zoning is that it was originally designed for building on a lot-by-lot, piece-by-piece basis. Its purpose primarily was to protect the individual property owner from an incompatible or harmful use next door or in the neighborhood. While such protection is still essential in built-up areas, the many detailed standards required for established neighborhoods are unnecessary when an entire neighborhood or community is designed as a unit and built according to an original comprehensive plan. Such detailed standards tend to inhibit creative design and can cause diseconomies for large-scale development.

In many jurisdictions zoning is used not as a *guide for* development, but, inadvertently or otherwise, as a *means to prevent* urban development. It is in these municipalities that the administration of zoning is most likely to be strong and unwaivering. In some cases the objective is to control the timing of development and prevent leapfrogging—a proper objective, but zoning is an improper means to achieve it. In other cases restrictive or large-lot zoning effectively excludes lower income families that are not considered "desirable"—an improper objective.

Numerical zoning standards (such as, lot size, sideyard, building heights, and number of dwelling units per acre) are expressed in terms of *either* a maximum or a minimum, rather than of *both* upper and lower limits. Thus an area designated for high-density residences will set a maximum of 40 dwelling units per acre. There will be no assurance, however, that the zoning district will be used for apartments since the owner, if he chooses, may develop his property at only one unit to the acre or less. Most ordinances should contain provisions establishing limits such as: "no less than 30 units and no more than 40 units per acre." This will assure a proper spread of housing types built by private developers.

Many requirements to assure a complete and balanced community cannot legally be demanded by a municipality under the guise of zoning. For example, a specific lot cannot be zoned exclusively for a church, or a service station, or for a playground. Nor is it possible under zoning to insist on a minimum or a maximum cost of the housing built in a certain area —a necessity if a new community is to provide the requisite economic range for a diverse population.

In general, then, reliance on zoning for a precise detailed allocation of land uses prior to the preparation of a detailed plan for a new community, is impractical, and unnecessarily inhibiting to the developer. After the project is built, of course, zoning is a useful tool to maintain the integrity of the project.

Most of the comments on the inadequacy of zoning also apply to conventional subdivision regulations. Local subdivision regulations do not serve as a guide to the precise design of new communities. They are primarily collections of standards that the developer must meet. Subdivision regulations generally give developers greater discretion than zoning provisions. In addition, many of the standards used in subdivision regulations, especially street and utility standards, must be retained in any system of land-use regulation that might be established for large-scale development or new communities.

Yet evidence exists of discrimination in some communities where improvement standards are set unduly high thereby making it impossible to build low- and moderate-cost housing. There also is reason to believe that some communities specify excessive improvement requirements to discourage development, just as they use excessive zoning requirements for the same purposes.

Some local jurisdictions have adopted a planned unit development (PUD) ordinance to handle large-scale, single ownership projects. These ordinances could be and are, in many instances, the model for much of the land-use regulation needed for new towns and new communities.

The distinguishing characteristics of the PUD development technique are that it combines zoning and subdivision control procedures in a way to permit greater flexibility in design. While the rigid numerical, zoning district standards are replaced with broad flexibility in land-use allocations, there is detailed administrative review and approval of specific plans. Design review, however, is ordinarily specified very broadly; thus the PUD technique establishes *standards,* but does not designate a specific design scheme for the developer.

The use of PUD ordinances has increased rapidly during the past four or five years; yet legally its use has not been clearly established in many States. Only five States—Arkansas, Connecticut, Hawaii, Indiana, and New Jersey— have adopted enabling legislation authorizing the PUD development techinque for local jurisdictions. A sixth State—New York—has also acted, but there appears to be some question whether its authorizing statute is adequate. In any event, until specific State enabling legislation is provided in the remaining nine-tenths of the States, the potential PUD will not be fully realized for large-scale and new community development.

Another major limitation on the potential use of PUD by local governments is that proper administration of the ordinance requires a great deal more expertise than conventional zoning or subdivision regulation. Relatively few small local jurisdictions with potential as new growth centers presently have access to properly qualified planners for PUD administration.

Finally, most PUD ordinances permit the developer the option of requesting approval of his project as a planned unit development or electing to operate under conventional land-use regulations. Even though the public could expect substantial advantages under the PUD technique, the developer may choose the other route. Under present laws, the PUD review technique is not mandatory for the developer.

RESTRAINTS

Land-use regulations may be designed to *restrain* large-scale or new community development and this usually occurs in either of two types of situations. First, permanent prohibition of development might be desirable when a project is proposed for a location not suitable to development because of topographic or other natural conditions, or when it is contrary to a future land-use plan and the site is proposed for another use. Second, temporary prohibition of development might be desirable when the timing of the application for construction approval is not appropriate because of location or because of a substantial burden on public facilities and finances, even though development of the proposal at some future date is entirely proper.

Permanent prohibition by local governments of unwanted development under their police powers is difficult. While communities have had some success in prohibiting development in flood plains, local officials are finding that for optimum prevention of flood damage, police power ordinances may violate due process and compensation to property owners may be necessary.

The zoning power generally has proved unsatisfactory for land conservation. Preservation of land for agricultural uses is extremely difficult to maintain in the face of the onslaught of urban expansion. Sometimes temporary restraints can be enforced on conservation lands that should remain permanently undeveloped. Development of wetlands, for example, might be prevented so long as the owner is unable or unwilling to meet stringent drainage requirements. But if he is willing to incur the expense of installing adequate drainage facilities, a prohibition on development would probably lead to a violation of due process.

Courts universally have held that zoning private land for public purposes, such as recreation, amounts to confiscation. One alternative device used to prevent development on land desired for public purposes is the "official map." Employed more often for highways than for parks, the official map designates those land parcels needed for future public use. Once it is adopted by the local legislative body, the landowner may not initiate development of any land earmarked for highways or parks. The landowner may appeal the official map designation in which case the community must purchase the parcel or remove the restriction. Usually the community has 12 months after notification by the landowner in which to complete the transaction.

The official map can be effective for preventing large-scale development of areas needed for public purposes only where the community has statutory authority to use the technique and the funds to purchase the land if the designation is challenged. Authority to adopt an official map has to be specifically granted to local governments by the State enabling acts. Presently, 26 States give their communities power to reserve streets by adoption of an official map and 13 permit the reservation of park and playground areas.[1] Yet, even within those States authorizing the official map, relatively few communities use the power. The official map technique is generally lacking in predominantly rural areas in which large-scale urban development or new communities might be proposed.

Communities have had unusual difficulty in holding land which is zoned for industrial use in undeveloped areas. Prime industrial land is usually flat, has good access to highway and railroad transportation (and sometimes to water transportation), is subdivided into small parcels, and contains a minimum of existing nonindustrial development. These characteristics, unfortunately, also make the site desirable for large-scale residential and commercial development. Because of the relative scarcity of good industrial sites in most communities, land should be set aside five to ten years in advance of need for this purpose. Local policy, however, is vulnerable if demand for residential or commercial land occurs earlier. Local officials would be under considerable pressure to permit a different kind of development. Furthermore, the courts have not ruled favorably on the retention of exclusive industrial zoning in cases where there is an immediate demand for residential and commercial development.

The most effective method to retain land for industry appears to be public ownership by establishment of a land bank, with the land to be sold or leased later for private industrial development. This technique, however, faces many hurdles.[2] First of all, local governments rarely have money to buy substantial amounts of land on the open market. Secondly, there is a strong tradition in many communities of opposing public purchase of undeveloped land to be sold for private use. Finally, if the land is purchased to delay or prevent immediate development, questions of fairness arise that otherwise would not be raised if the land was acquired for public use.

If the outlying development requires central city water and sewerage, the central city is in a good position to control the location of fringe development and prevent leap-frogging. It need only to refuse to extend the facilities. In parts of the country where water is scarce, this is particularly effective. In those few communities having municipal power plants, denial of electric power can also be used to guide growth more efficiently.

Compete denial of public facilities to a would-be developer, however, is actually infrequent. Most public officials are hesitant to use such drastic measures and, in many instances, State laws or the State utility commissions forbid denial of services to outlying new development.

Several techniques short of denial may be used, however. Before extending utilities, the municipality might require annexation or annexation with a fixed fee per lot. On the other hand, a municipality might make an unusually high charge for water and sewer service—as much as double the in-town rate. Requiring developers to pay all costs of main extensions is fairly common, and increasingly municipalities are requiring developers to pay for mains large enough to later serve all the intervening undeveloped area. In such cases, the developer will be reimbursed for the excess cost as the landowners in the gap subdivide and pay the municipality for tying into water and sewer mains. Heavy utility charges then may slow down leap-frogging and when the developer is willing to pay these charges, the providing community is reimbursed for some of the public costs of this kind of development.

Many municipalities wrongly use zoning to postpone development. A common practice is to zone outlying land exclusively for agriculture use, or more often and more effectively, to zone for very low-density, single family residential use—two to five acre minimum lot size. However, if the purpose of large-lot zoning is to postpone more intensive development of outlying sections until some more auspicious future time, the community should not allow *any* development of the area (making it a holding zone). Even low-density development will fix the pattern of future development and eventually require provision of public facilities and services. The initiative for better land use allocation will be lost then. Finally, as was pointed out earlier, large-lot zoning is used by some communities not to postpone development, but to prevent the type of small-lot development that might bring "unwanted" economic and racial groups into the community.

Two real estate taxation techniques also have been suggested to assist in preservation of open space and in the staging of development. These techniques—preferential assessment and deferred taxation—are designed to provide a measure of tax relief to farm land owners on the fringes of growing cities. Under preferential assessment, the assessment of farm lands and open space lands is based solely on their actual use value rather than on their fair market value which would reflect urban market values. Deferred taxation is designed also to lighten the tax burden on owners of open space lands, but it provides a means of recouping lost tax revenues when the lands are developed for urban purposes.

In terms of furthering their ostensible goals, both approaches appear to have some basic deficiences. Both are primarily tax relief measures and appear to be an ineffective means to preserve open space and stage urban development.[3] Recent studies suggest that real estate taxation based on assessment of fair market value probably does not "force" owners of open space land to sell out to speculators to any greater extent than fair market assessment forces owners of developed urban land to sell their properties. Moreover, in most States, assessments measures must apply equally to all property owners who are similarly situated in the urban fringe area. Therefore under preferential assessment, a speculator owning undeveloped or farm land within the path of development thus is given a great incentive to hold his land out of development in anticipation that annual increases in value will exceed low taxes. The effect would be to further push development out into the fringe area and compound the problem of leap-frogging.

Nevertheless, few would deny that public tax policies do have an impact on urban development. This subject—given its scope—deserves an extensive, in-depth study with consideration given to both real estate and income taxation techniques for dealing with problems of urban fringe area development.

INDUCEMENTS

A number of new planning and land-use control techniques can serve as inducements when they are offered for large-scale development and are withheld for small-scale development. Because of the nature of zoning and subdivision controls, inducement can only take the form of relaxation or removal of the rigid requirements of these ordinances. This can be done in several ways. The following cover the most commonly used techniques.

Conventional zoning and subdivision regulations control residential density by specifying minimum lot sizes. In density zoning, this is translated into the number of dwelling units per acre. For example, the requirement for a 10,000 square foot minimum lot area becomes 4.36 dwelling units per net acre. Density zoning allows the developer to design the site for more economic construction (cluster subdivision) and, when combined with "general" residential use, allows the builder to use every type of residential building (single family, row house, apartment) so long as the overall density for the area is maintained.

Bonuses are commonly used in central business district zoning, where a developer may exceed the maximum allowable floor area if he leaves open space on the ground level, rather than cover 100 percent of the lot with his building. Bonuses can also be used in outlying development. For example, in a district zoned for four units per acre, the community might permit an increase to five units per acre if 15 percent of the land were dedicated for a public park. Under straight density zoning, the developer could erect 400 units on 100 acres of buildable land. Under the bonus provision, if he dedicates 15 acres for a park, he would be permitted to build 425 units on the remaining 85 acres.

Land-use intensity regulation involves a rather complex formula based on floor area ratio, usable open space, off-street parking and several other factors. Under it, a developer is permitted to ignore the usual rigid dimensional limits on yards, building heights, bulk, and ground coverage contained in the zoning ordinance. In building under a land-use intensity regulation, the developer is allowed much more freedom for economical and attractive design. But land-use intensity regulation offers advantages primarily on the scale of large, multi-family housing projects and tract development, rather than as a major inducement for the establishment of new communities.

Rezoning, of course, is not a new device. However, a stated public policy on rezoning limited only to large-scale development can be a very powerful inducement. For example, a county might zone an area for half-acre single family lots as the safest designation to discourage piecemeal, small parcel development at the same time. A rezoning policy might include permitting a mixture of commercial and higher density residential use for large preplanned projects of 1,000 acres or more. This would give more freedom to developers to allocate land uses within their projects and would encourage new large-scale development.

The planned unit development techinque, in effect, discards the rigid dimensional standards and use regulations of conventional land-use controls and thus serves as an important inducement to large-scale and new community development. It substitutes a single review process for the customary three: (1) platting approval under subdivision regulations; (2) land-use reclassification under zoning; and (3) building site layout review under the building and zoning codes. A planned unit development ordinance also generally will include the advantages of density zoning, bonuses, and rezoning for diversified use.

The cost of improvements—storm and sanitary sewerage, water supply, streets—in new subdivisions is greater than the cost of the raw land, often by a factor of two or more. In many local jurisdictions the standards for improvements—minimum pipe sizes, pipe material, width, thickness, and materials of street surfacing—are, in the opinion of developers, unnecessarily high. The justification given for these high standards is that with small, piecemeal development, the local government must add an unusual factor of safety, because it cannot precisely foresee the intensity of future development in the area surrounding the proposed subdivision. The developer, in effect, must share in the improvement costs of areas outside his project. In a large-scale development, on the other hand, it is possible to predict more accurately the amount and kind of street traffic, water consumption, waste generation, run-off and drainage pattern, and other changes that affect improvement design. The required improvements serve only the area encompassed by the project and because of this, improvements need not be overbuilt and no extraordinary factor of safety is necessary.

LAND-USE CONTROLS IN THE LARGE-SCALE DEVELOPMENT AND NEW COMMUNITY

There is no single, patently obvious way to regulate land use in large-scale developments. Their size and the time required for completion will necessitate a variety of land-use regulatory measures, some coming into use immediately, others after the new community is well under way. A 100 acre tract of land within a large-scale development, for example, might well pass through a succession of regulatory stages. Because of its distance from the first stages of construction, such an area may be placed initially in a holding zone. As development moves toward it, the reserved area may be reclassified as a development sector, where any of a number of higher-intensity uses may be permitted. Once development is imminent, planned unit district regulations may come into play—improvement standards would be set, land-use allocations determined, and design review standards applied. When construction begins, deed covenants may be placed on those structures built. Over a period of years, conventional zoning standards would be needed as re-use of the land or changes in the intensity of land use are proposed in the area. In 30 or 40 years, the area may be ripe for improvement, with renewal powers applied, in which land may be acquired through eminent domain for some other re-use.

The following discussion will examine a number of land-use regulatory techniques—some tried, some experimental—that may warrant consideration in guiding large-scale urban developments and new communities.[4] No attempt is made to devise an ideal regulatory mix to guide such developments in every locale and under all circumstances.

At the initial stage of building a large-scale development, land-use regulations should permit flexibility of development, since its plan cannot be precise. Changes in the plan probably will be made as sections of the development are built, experience is gained, and conditions change. After development has occurred, other land-use controls should come into play, allowing for some change, but providing greater protection for existing uses and structures. These would be more akin to present-day zoning, permitting certain changes without destroying the town's stability or the balance attained through the compatibility of uses achieved in the initial stages of development.

To reflect this shift from the construction to the functioning-town phase, land-use controls may be divided into two categories: pre-development and post-development. In discussing both types, several assumptions have been made:

- Specific development policies affecting the location, character, and timing of large-scale development will have to be enunciated.
- A governmental agency will have primary responsibility for the administration of large-scale development.
- Some form of management group (whether it be a private developer, a quasi-public organization, or a governmental agency) will propose and implement large-scale development.
- The site, which may range in size and complexity from a full-scale large development or new community, to a tract development, will be under single ownership or management control.

Given these assumptions, the following tools and techniques represent some of the means by which large-scale developments and new communities may be regulated.

PRE-DEVELOPMENT TECHNIQUES

Regulatory techniques for the pre-development phase should be thought of as a bundle of legal tools to implement policies embodied in the approved plans for the large-scale development and on a broader scale, as devices to guide its development from site selection through construction. The plans *per se* are not regulatory devices, yet they can become the basis for land-use control—not just in theory, but in fact.

The large-scale development's comprehensive plan should be the starting point for determining which types of regulations should apply for given areas within the townsite. Ideally, the plan should indicate the anticipated timing and intensity of large-scale development. It might show these areas to be developed intensively or at lower density; those areas where a mixture of compatible uses will be permitted; and areas where development should be permanently or temporarily prohibited by creating land reserves. The kind of land-use controls needed for a specific area then would partly depend on the plan's designation for that area.

Traditionally, most comprehensive plans have failed because the means to implement their proposals have been lacking. But the single ownership or management and coordinated development possible in a large-scale development or a new community makes it easier for the entire site to be developed according to an approved comprehensive plan.

Clarence Stein has called for rejection of "planning by negation" in discussing the design and realization of new communities. Restrictive limitations on height, bulk, density and use, which have been the planner-zoner's characteristic stock-in-trade cannot help much in shaping new communities; in fact, if too much reliance is placed on rigid regulations at the outset of development, difficulties will surely arise. Goals and policies, refined by principles of aesthetics and construction engineering are much more legitimate conditioning factors: [5]

> In creating New Towns, planning and building go hand in hand. They must be united as two inseparable parts of one process. . . . . As city architect or civic designer . . . [the new town planner] must mold form and mass as well as predetermined city plan or outline.

The record indicates that developers usually assume the major initiative in developing large-scale developments. This is due, at least in part, to local governments' lack or foresight—symbolized by their general failure to provide guidance—even by negation, for such projects. Yet the developer should know what the affected local governments want before he goes too far. The local planning agency could eliminate much of the guesswork on the developer's part by indicating, before any plan is proposed, what policies are considered essential for a large-scale development or a new community that falls within its jurisdiction.

The government agency could help the developer by giving him guidance in two areas of policy, around which the large-scale development's comprehensive plan should be built. The first would spell out its goals in light of applicable policies developed by the State or region.[6] State and regional plans, for example, may call for the creation of more diversified job opportunities for residents of the region, and the local policy might be refined to specify a need for expandable industrial sites which make use of natural resources, transportation advantages, and employment potentials available in the development site.

The second type of policy consideration would indicate local preferences. A particular architectural style may be considered highly desirable in the local context or plans for a new junior college desired by area residents might be looked upon with favor. Because State, regional, and local policies will vary greatly, any atempt to construct a model for comprehensive planning policies with nationwide applicability would be fruitless.

The developer should also receive guidance from the public agency concerning criteria upon which the comprehensive plan should be based. The Baltimore County Office of Planning and Zoning, for example, has established an "interim development model" with which to measure proposals for large-scale development. The developer then knows what information the planning agency needs for it to make a sound judgment on a new community proposal.

Two approaches are presently used for review of large-scale development: (1) the checklist method, requiring data on a number of planning elements ranging from water availability to population projection;[7] and (2) the ordinance approach, specifying numerical standards for structures and percentage ceilings for land devoted to certain land-use categories.[8] These approaches might be consolidated into a single procedure for fulfilling pre-plan data requirements, including both the general study of factors relating to the townsite's urbanization potential (i.e., the checklist method), and a rationale for the specific blend of land-use designations embodied in a proposed plan. Where more public encouragement is needed to start large-scale development, the State or Federal Government might provide some of this information, presenting a partially-completed comprehensive plan to interested developers.

More detailed plans should be prepared as areas become ready for construction. The development area plan, which should be based on the general policies established in the comprehensive plan, should provide a more precise blueprint for development. Ideally, it should be the key to the type of pre-development regulations selected for a specific area and eliminate friction that might otherwise arise between the builders and regulators.

A good deal of latitude within broad limits should be given the developer to encourage creative area planning for large-scale development and new community construction. Predetermined upper and lower limits for densities and, perhaps, percentage allocations of the total area for particular uses, (e.g., no less than 2 percent and no more than 10 percent of the particular development area may be devoted to commercial uses) would encourage the developer to find more imaginative as well as economical means of developing a subdivision. The developer may also propose using construction materials and methods that otherwise might not be permitted under a standardized, inflexible building code. Similarly, by taking advantage of density transfer options or bonus incentives, the developer might propose site layouts that will provide for more effective open space, parking, access, and other facilities and amenities.

Development areas of the same classification (i.e., planned unit development, development intensity sector, reserved lands discussed below), need not necessarily have identical development standards. Since a single developer is involved, there is no reason why all areas destined for planned unit development, for example, must conform to the same development standards. An effort should be made to encourage distinctiveness, with standards geared to achieving an individual neighborhood character. By way of illustration, Figure 5 depicts a schematic relationship between development area policy and land-use controls for a new community.

Since a large-scale development grows in stages, the timing of an area's development is a key factor in determining which regulations (or incentives) should apply to that area. The types of land-use controls needed to carry out a particular development area

FIGURE 5. SCHEMATIC CLUSTER OF LARGE-SCALE AND NEW COMMUNITY DEVELOPMENT AREAS RELATING POLICY AND LAND-USE CONTROLS

FIRST DEVELOPMENT AREA

Policy: industry, homes for workers.
Controls: industrial performance standards, density and price regulations. Site review.
Bonuses: density and price transfers.
Resulting development: industrial park, medium density, low-cost homes with neighborhood schools, churches, shopping.

SECOND DEVELOPMENT AREA

Policy: additional residential, major park.
Controls: liberal density and price regulations. Site review, land reserve.
Bonuses: additional density allowance for park reserve; pedestrian walks to future high-intensity sector.
Resulting development: medium and high income, single-family detached, medium income and houses, high-rise luxury apartments near future high-intensity; large park; school services.

HIGH-INTENSITY SECTOR

Policy: CBD, high-rise office and apartment, civic center.
Controls: overlay parking, height, bulk regulations, etc.
Bonuses: use credits for higher towers; credits for pedestrian plazas, covered parking, etc.
Resulting development: towering core around interchange with broad plazas permitting view down boulevard and pedestrian walkways to residential areas, etc.

THIRD DEVELOPMENT AREA

Policy: junior college campus, residential, light industry, regional shopping center.
Controls: land reserve buffers, moderate residential density regulations with RDU, industrial performance standards, industrial and commercial expansion sites, Site review.
Bonuses: density transfers; amenity credits for campus improvements, shopping center's covered walks and sculpture.
Resulting development: campus surrounded by middle-income homes, town houses, small industrial park buffered by wide belts of RDU, regional shopping center, neighborhood services.

FOURTH DEVELOPMENT AREA

Policy: apartments for small families, single white-collar workers, RDU for mid-high income detached homes. Commercial recreation, office park.
Controls: RDU, holding zone, site plan review.
Bonuses: use credits for large lot, expensive homes in RDU.
Resulting development: garden apartments, few high-rise with studio units, large-lot RDU held. Golf course, swimming club within large holding zone. Small office park near apartment complex.

plan should be based on what has been taking place in areas already built-up as well as on what will take place on lands still undeveloped.

Suppose, for example, that the intention is to build homes for employees of manufacturing plants locating in the new community in the first development area (see Figure 5), Land-use regulations covering this area then should be tailored to implement the policies applicable at this stage of the community's development and to particular circumstances, such as the area's location or its priority of construction. Policy may dictate that low-cost housing be provided, so the type of structure, perhaps even the price of the dwelling units, might be closely regulated. Since it is the initial area to be developed, it may be quite accessible to a major highway; relatively high densities then may be required to make best use of well-located residential land. Buffers will be needed to separate industry from residences. These and other considerations will determine the controls needed for the first development area.

The next area to be developed (see Figure 5) may also be intended for housing, but a broader range of housing types, densities, and prices may be offered to compensate for the more limited choices in the earlier development area. Fewer, less-directive controls will be needed here. For example, no special regulations are needed to make industry compatible with housing and more leeway can be given to the developer with regard to build-design and lot size. If the area abuts land where a high-rise office complex is proposed, the developer may be entitled to bonuses if he provides pedestrian walkways from homes to nearby work places.

Since each designated area is developed as a unit, regulations should be adopted to best fulfill its intended function as a part of the completed large-scale development.[9] Although controls are packaged for each individual area, specific provisions or bonus incentives could be employed to assure compatibility when adjacent construction takes place. Later, when reserved lands are considered for development, they can be "annexed" to a built-up area by being developed to conform to the latter's character. On the other hand, a new development area, with functions of its own, may be carved out of the reserve.

Planned Unit Development. Planned unit development is the prototype for land-use regulations needed at the pre-development stage of a large-scale development or new community. Many counties and municipalities have enacted planned unit development ordinances and most new communities in the United States have been built under this type of regulation. Few jurisdictions, however, have actually coordinated zoning and subdivision regulations under PUD.[10] This device can be used to combine subdivision controls and zoning district regulations, eliminating extra steps by considering all aspects of proposed development, from street widths to side yards, in a single site plan review.[11]

While there have been some outstanding planning successes under PUD, financial success seems not to have kept pace. The developer's problems and some of the weaknesses of PUD already have been noted. Since PUD regulations may serve as the primary regulatory basis for initial large-scale development, their restrictiveness or permissiveness clearly have a great bearing on the success of the development in terms of the economic realities with which the developer must deal. Controls then could be designed and administered to relieve conflicts that occur in the various problem areas. Withholding some of the more attractive planned development options from small, multiple-owner tracts, and making them available only to the large-scale development PUD, for example, may encourage voluntary land assembly. Explicit PUD guidelines, including both upper and lower permissible limits, would simplify marketing analyses. Moreover, financial inducements, such as cash flow guarantees to achieve a public policy concerning low-income housing, could greatly assist the developer with what, to date, has been the most critical problem in new community financing—long delays before purchase money begins flowing back into developers' accounts.[12]

PUD regulations which encourage open spaces, together with performance criteria, would assure greater compatibility among uses than rigid districting.[13] Little, however, has been done to date even through the planned unit development approach to permit different uses in proximity to one another. But, on a large scale, there is great potential for mixing uses within development areas, thus *eliminating* the need for separate use districts.[14] Special "planned community" district ordinances such as those in Fairfax County, Virginia; Howard County, Maryland; and Orange County, California, look toward this goal.

If the developer has been given sufficient guidance, he will have a general idea of what uses can be accommodated in each development area. He also will know what is expected of him in terms of explanatory data to substantiate his proposal for PUD and will be aware of the densities, performance standards, and other requirements, that must be met.

With reference to procedure, the developer first must prepare and submit his PUD proposal for review. Before accepting it, the public agency may suggest certain modifications or additional conditions that must be incorporated in the proposal. Before construction begins, individual sites (i.e., lots) should be identified and platted, by legal description, on the development area plan.

A deed should be prepared and filed for each lot. The conditions which have been accepted for the construction and use of developed sites should be formalized in the deed so it may serve as a continuing control on the subject property. The requirements should cover such things as accessory uses, parking and loading requirements, auxiliary structures, and secondary uses compatible with the primary use. Inasmuch as development areas and individual structures within them are subject to site review, district regulations are not necessary. By including covenants in the deed to the property, a legal basis for these conditions and any performance standards can be assured. It would be necessary, of course, to assure that the public agency or its successor in interest (e.g., a future new community municipal corporation) has standing to enforce the deed restrictions. It may also be advisable to allow similar standing to the developer when the deed is conveyed, or when the developer retains an interest (i.e., a managerial function) in the large-scale development.

In formulating guidelines for planned unit development, the positive role that can be played by bonus incentives should not be overlooked. Heretofore, bonus arrangements have applied primarily in high-density districts where a developer is allowed to increase building height in exchange for providing more open space. There is no reason, however, why a developer who provides pedestrian walks or covered parking spaces in a large-scale development PUD should not be entitled to credits—e.g., relaxation of standards covering less-intense development (i.e., in a primarily residential area).

Other bonus incentives could be used to implement public policies as well as to solve some of the more difficult problems the developer faces. Density transfers would let the developer, who complies with densities that tend to fulfill new community goals (e.g., townhouse clusters to provide homes near employment centers), have greater flexibility in choosing how many units per acre he builds in later development areas. Here the developer, in effect, would have greater discretion in responding to future housing demand if he complied with the public agency's wishes during the early stages of construction.

Pricing transfers could also benefit the developer. By providing needed low-cost housing early, he might be able to build more lurury apartments and expensive homes for the upper-income market later on. Edward P. Eichler and Marshall Kaplan have described an arrangement worked out between Janss Corporation, the developer, and Ventura County for density transfer.[15] This procedure allowed Janss to build to higher densities in later construction stages, but it neither assured mixed density—because the developer might never take advantage of his credits—nor did it guarantee low-cost housing opportunities. Density transfer which allows credits to apply for both higher and lower residential densities, together with a similar credit system on dewelling unit pricing, might insure a wider range of housing opportunities. The public agency could further encourage ample low-cost housing with subsidies in the form of cash flow guarantees to tide the developer over these early, low-profit construction projects.

These various regulations which allow the developer to obtain credits toward what may be more profitable construction in the future, probably would be confined to large-scale developments having sufficient land to allow phased development. Site plan review and other aspects of the planned unit development approach, however, would be applicable to urban growth centers and to smaller tract developments. They have already been applied on a smaller scale in existing communities, sometimes for two to ten acres and in some cases, for even less. In fact, most communities could use this technique to their advantage.[16]

High-Intensity Sector. Certain areas of the large-scale development, such as those near proposed highway interchanges, may be best suited for high-intensity development. Once this is established such lands should be designed as high-intensity development sectors. Within these sectors, PUD-type regulations would apply when the local authority received an application for development.

Even though single family lots may be more marketable near a highway interchange, especially during the first stages of development, the public agency should prevent misuse of this prime land. Short of outright prohibition of low-density development at such locations, the local government might redirect such development elsewhere through subsidies and other positive encouragements.

While transportation foci are probably the most obvious locations for intense development, other possibilities include sites accessible to several neighborhood-type planned unit developments in need of a central place for specialized shop and office facilities; sites particularly suitable for heavy industry; or even sites where high-rise buildings could command spectacular views.

The "development sector" concept was suggested for application in Anne Arundel County, Maryland,[17] for maximum development of areas of prime land centered on proposed freeway interchanges. Five high-intensity land uses were recommended for location in these sectors—ranging from medium-density residential to planned industrial districts. A mixture of uses was presumed.

As discussed in chapter IV, self-containment is a prime requisite of new communities, and highly desirable even for tract developments. Therefore, it would be well to relate the timing of intense development directly to the growth of neighborhoods for the town residents who will shop and work in the nonresidential development sector. Many employers, for example, will demand good housing for their employees before they build their plants or commercial facilities in the new community.

Regulations pertaining to high-intensity sectors would conform to the same site plan review procedure that applies to planned unit developments. The major distinction between PUD controls and those for high-intensity sectors is that the latter would prohibit low-density uses and, accordingly, would incorporate additional standards, such as sector overlay requirements for view protection, parking, and architectural uniformity. These controls would probably not be necessary in less-intensely developed areas.

In regulatory terms then, high-intensity sectors are hybrid development areas. They would be proposed and constructed under PUD-type procedures but not until there was a need for the intensive uses. Through the use of sector-wide overlay regulations, however, they would adopt some of the districting features of traditional zoning. Because proper timing is essential for the successful development of these sectors, they can be looked upon as a bridge between true planned unit developments and reserved lands. Although each sector should be designated in the comprehensive plan, construction should be deferred until surrounding development brings in the population base necessary to sustain its offices, shops, and other central-place facilities.

A final observation concerning development sectors stems from the earlier one that large-scale developers need not be bound to a single, standardized approach for all developments of the same type. The mixed high-density uses inferred from the Anne Arundel County recommendations might well be employed in the majority of cases; but special-purpose sectors might also be desirable in some instances. Civic centers, centralized convention facilities (including both exhibition halls and hotels), office parks, and regional shopping centers are among the single-purpose developments that would lend themselves to construction within a development intensity sector.

Reserved Lands. Reserved lands serve three basic purposes in the new community context. Some would cater to the recreational and psychic needs of the residents for large open space. Others would provide flexibility, allowing adjustments to be made to satisfy the community's requirements for additional land for particular uses. Still others may become greenbelts and serve as the perimeters of the townsite and as a means of achieving a sense of self-containment.

Several techniques—all variations on the reserved-lands theme—might be employed to accomplish these purposes. In a given development, one technique, or a combination of them all, might be employed to insure opportunities for the future balancing of land uses within the developed area. These techniques include: reserved development unit (RUD); expansion sites; holding zones; and land bank withdrawals.

The reserved development unit (RDU) is simply a planned unit development which has tentatively been approved, without detailed plans, for a certain use or uses. However, the existing development control legislation adopted by Orange County, California, and Howard County, Maryland, provides that the county may require that future use designations and major arterial routes be identified in the reserved area plan. Generally, the RDU designation should be accompanied by a guideline figure specifying what density the reserved area might accommodate in the future. Construction of other parts of the new community would take place before a reserved area was developed. The filling-in of this designated reserve would occur when market demand and availability of capital dictated its development.

The RDU ordinarily would be used for residential development and should be thought of as a device to supplement a planned unit development. For example, the industrial or commercial area may provide more jobs than residents of existing planned residential neighborhoods can fill. The RDU would allow for new or expanded residential neighborhoods to house the needed additional workers.

The RDU approach is amenable to all types of large-scale urban development discussed here. Because it is primarily concerned with the reservation of land for later residential development, it is applicable to tract development as well as to self-sufficient new communities.

A holding zone, usually located at the new community's outer edge, can be employed for two related purposes: to provide room for expanding certain uses, and at the same time, to prevent premature development of areas where town services are not yet available.[18] In the context of a new urban growth center especially, preventing leapfrog development is a vital consideration. Unlike the RDU, the holding zone is not immediately available at the developer's option. A waiting period is expected and should be enforced.

When the large-scale or new community development is otherwise complete, a decision should be made as to whether a holding zone area should continue to be held in reserve; whether some of it should be developed; or whether development is not needed. In the last case, the holding zone could easily be incorporated into the greenbelt or other low-intensity uses.

Expansion sites are oversized parcels needed to accommodate the projected expansion of individual enterprises. A shopping center, manufacturing plant, or civic center might need additional land for expansion as the new community's population increases. Expansion sites can avoid costs of relocating hemmed-in uses by providing growing room (and thus avoid a duplication of facilities on scattered sites). Those uses which are likely to need expansion room might also be required to have oversize improvements installed when they are initially developed.[19] Precaution, however, should be taken to avoid gross overestimation of future need in order to prevent inbred leapfrogging.

Temporary use should be made of reserved expansion sites whenever possible. For example, during early stages of new community construction, an expansion site could be used for temporary parking facilities. An expansion site could also be temporarily used in its natural state as a playing field and later be used for a large public recreation area.

Land bank reserves would not be under the control of the developer.[20] Sizeable amounts of land acquired by the public today should be kept separate from the lands under development. Logically, this reserve would include bufferage and greenbelts outside of the area of actual, physical development. This, then is a "public policy" reserve and serves as a hedge against inflation in land value at the townsite's periphery. It will also keep the planned community at a manageable size and discourage sprawl. The public agency might, if the public interest demanded, relinquish some of this "banked" land to accommodate desirable latecomers for whom no other developable land remains.

Administrative Adjustments and Review Boards. To a large extent, the success of a large-scale development will depend upon the ability of developer and the public agency to negotiate and compromise their differences. It is unrealistic, however, to assume that they will always resolve their differences. Administrative machinery, therefore, will be needed to affix responsibilities and to arbitrate disputes between the two parties.

Mechanisms must be available for the developer and the public agency to resolve their differences when changes in the plan are needed and the two sides cannot reach a compromise. Public policy, generally speaking, should be paramount to the developer's economically-based motives; but there must be an equitable means for breaking stalemates that might arise.

Reserved lands, density transfers, and the like, provide the developer with some leeway, if market conditions change. Reserved lands provide an opportunity to accommodate large-scale adjustments in significantly large areas of the townsite. Other devices, such as the density transfer system, also provide the developer with an opportunity to alter his development plans. All these techniques could forestall certain conflicts between the developer and public agency. Yet, some administrative procedure is required to handle other changes and conflicts during development, which vary in significance from minute architectural alterations to major locational decisions. Several possible methods for handling certain probable adjustments are suggested below.

Changes might be dealt with as a matter of percentage adjustment. General standards for such adjustments to cover all broad classifications of sites and structures, or specific ones directed toward individual buildings, might be established from the outset. For example, the height of a building might be varied by 2 percent of the total height, or building bulk may be varied by 5 percent, without requiring a meeting of the minds between the public agency and developer. Such minor deviations from the approved specifications could be allowed and ratified, by covenant, in the deed for specific properties.

Another way to handle changes during development could be by a trade-off. The developer requesting a change would, in effect, be asked by the public agency, "What is it worth to you?" The developer would offer something—additional open space, extra parking facilities—in return for what he wants. The public agency would then determine whether the exchange offered is adequate.

Because there is bound to be some arbitrariness in such a non-competitive situation, the developer should have recourse to a higher, disinterested arbiter, who would hear his appeal in the event of an impasse or of allegations of duress. If a developer was not satisfied by the decision of the public agency, he should be able to get a ruling by an officer of the reviewing body to determine the appropriate security that should be given by the developer, pending a full hearing of the dispute. The official could exact a money bond or even security in the form of undeveloped acreage. Any resulting imbalance of equities caused by the developer's changes would be compensated for in the plans for developing the "hostage" acreage prior to his begining construction on it.

The adjustment system, on the other hand, might work on the basis of credits earned—similar to density transfer. In this case, the developer would commit himself to increased amenities above and beyond those called for in approved plans, establishing an account from which to draw when later plan changes are requested that would diminish public benefits. Again, review board personnel could act as arbiter for the accounting system.

Finally, and most familiar, is the case-by-case method where each requested change would be considered on its merits as in conventional zoning administrative procedure. Before the large-scale development is occupied and while it is still in the hands of a single developer, no precise guidelines would be needed, such as those now in existence for zoning variances. No third party would be directly affected, since the residents had not yet arrived. The developer and the public agency then could argue their respective positions before the arbiter with very little limitation on the scope of variations sought. Although this administrative technique puts neither side in the other's debt, it has the disadvantage of permitting multiple, probably continuous hearings on adjustments, many of which may be quite minor.

The foregoing has made a case for a higher-level review body to arbitrate between conflicts of the developer and the public development authority. It is doubtful that State courts would wish to be burdened with the many minor administrative determinations that can be expected to arise during new community development. For this reason, a State or regional review body would be appropriate. Major controversies, however, particularly those involving Federal or State policies, could be assigned to existing State trial courts. It has been suggested, however, that land-use decisions should be made not by the trial courts, but by a panel of experts in the development control field.[21]

The jurisdiction of a panel of experts with intermediate review authority (i.e., hearing appeals on local controversies with further appeal to the State Supreme Court) may be drawn to cover a single county,[22] a larger region,[23] or an entire State.[24] Whatever the jurisdiction of these review agencies, it would be desirable to improve the sophistication and expertise with which development controls and land-use regulations are tested. A State review board is considered by many to be a progressive step in administrative practice—whether or not a particular State wanted to encourage large-scale development and new communities.

Review boards could be established either as a single, statewide panel or if caseloads warranted, as regional boards. In the interest of of decentralization and encouraging familiarity with local conditions, it can be argued that regionally-based hearing examiners are desirable. The hearing examiners might even be given authority to render decisions on minor matters (just as a zoning administrator is empowered in some communities today), with appeal to the full board. The State should also consider the possibility of extending the board's authority to include, in addition to determining specific controversies, an assessment of new community policies, plans, and redevelopment programs.[25] Like other administrative agencies found on the State and Federal levels, these boards could exercise broad powers of policy formulation, assessment, and rule-making in addition to their adjudicative function.

POST-DEVELOPMENT TECHNIQUES

Once a section of the townsite is developed, stabilizing regulations are needed. Although creativity should still be encouraged in developing the remaining vacant parcels or in making some changes in existing structures and uses, the emphasis in land-use controls should shift from developing new uses to protecting established uses. The transition from flexible development regulations in the early stages of the townsite to protective regulations when it is built-up should not be overly abrupt. This means that the conditions which have been imposed on individual uses and structures through site plan approval should be capable of translation into post-development standards which are applicable to an entire project area or, possibly, to the entire community. To simplify enforcement, post-development regulations might tend toward the districting approach characteristic of conventional zoning ordinances.

The deed restrictions set on property when it was initially developed should eventually be replaced by other controls after a substantial amount of development has occurred and time lapsed. Deed restrictions running 10 to 20 years on properties (instead of 40 years which is usually attached to urban renewal projects, for example) should allow enough time for the large-scale development to reach a state of completion, and also assure that land-use controls will not be static for the entire life of a structure.

When deed restrictions come to an end, either by the landowner's option [26] or by termination of their effective time limit, new controls should be available to take their place. Ordinances of community-wide or areawide application or on the basis of the functional planned unit could then be adopted to apply a single set of regulations to all uses and structures. General performance standards may well remain substantially similar to the general guideline performance standards that covered the pre-development period, unless there has been substantial technological changes in the intervening years that provide better measuring devices. But development standards should be made more stringent, reflecting the increasing scarcity of vacant land. Because reserved land will probably be needed to meet new demands for certain uses, development regulations should become more restrictive, allowing only those uses and structures for which there is an evident need. Similarly, accessory regulations, such as those covering parking and open space, may have to be more rigorous to compensate for any overburdening of facilities which has resulted.

At this late stage of development, undeveloped land will become increasingly scarce and valuable. Echoing Marion Clawson's question "Why not sell zoning and rezoning?",[27] the custodians of development controls might ask, "Why not take bids on reserved land?"

Some areas may have been reserved specifically for the developer's future use such as RDU, or expansion sites. These areas may have been earmarked for certain uses at certain densities, or the developer may have acquired credits entitling him more flexibility in land-use allocations. But for other reserves, such as holding zones or land banks, use and intensity decisions would have been deferred until construction of the new community is substantially complete.

When a reserved area becomes ripe for development, cost-benefit analysis may indicate several alternative uses for a site within the area. For example, the analysis may show that the site has a higher value as a shopping center than as an industrial plant, but an industrial use may bring more jobs into the town. Adding to the problem, some residents might want the land for additional recreational facilities. How then should the reserved land be used?

Community officials might be empowered to take competitive bids for the right to develop the reserve to any use that would be compatible with the surrounding development. Using cost-benefit analysis as an index (a bid for use as open space may be more beneficial to the town, even though the dollar bid is lower), the governing body would award development rights to whomever submitted the most advantageous bid.

As an alternative, a formula could be established for valuing real estate and then development rights could be auctioned. The base on which the value might be initially determined could be the actual purchase price of the tract in question. The owner—probably the developer or, in the case of banked land, the State—would receive original value plus a proportion of the excess profits. An additional percentage could be required as payment to defray the costs of governmental subsidies extended to the developer during early construction stages. Any remaining profit would go into the town's coffers. In the event that a low bid is accepted in return for an amenity (e.g., a neighborhood group's bid to devote the land to park uses), the town might still be required to reimburse the developer or the state for the fair profit to which they are entitled.

Benefit district financing could be a valuable tool for permitting large-scale development residents to bid on reserved land in their neighborhood. Residents may prefer to see the undeveloped land used for community purposes, as parks, or schools, instead of additional residential, commercial, or industrial development. A sinking fund, consisting of annual assessments against the properties to be benefitted, could be established to fund the acquisition of common land and its maintenance.[28] The developer of course, will have made sites available for schools and parks in each neighborhood. The benefit district, however, would allow affected property owners an option to purchase reserved land for their common use. The ability to establish a distinctive neighborhood character through qualitative differences in public facilities may be of considerable psychological value in one-developer, one-plan, large-scale developments.

Finally, when the stabilizing ordinances of local government come into being, attention should shift to the necessity for creating standards for redevelopment. As the cycle begins again, renewal, if it has been effectively planned for, can be accomplished with a minimum of expense and inconvenience to the residents and their local government. Perhaps a built-in amortization would be wise requiring funds to be set aside over the years, such as a portion of tax or lease payments. Such funds would be earmarked expressly for the purposes of redeveloping industrial and commercial facilities which may be more likely to require early modernization than would residential properties.

Over time, changes may be necessary in the regulation of development area land use. Changes which occur in the community's economic and social structure would necessitate some amendments to its pattern of land use. Control devices should be receptive to appropriate re-designation of uses and to variations in certain requirements, including parking, open space, and lot coverage.

Even before specific changes are proposed, however, policies for rezoning should be weighed and adopted by the local government. In the large-scale development context, for example, a policy may be adopted that any unused industrial expansion site may be redesignated for residential development if employment and, accordingly, the need for nearby housing has increased.

Another kind of policy should specify the manner of evidence required to sustain a proposed change in the land-use control. For example, an undeveloped RDU might be proposed for a new shopping center. Before making a decision, a market analysis might be required to aid the community's governing body in rendering a decision on the economic feasibility of the proposal.

The paramount principle for amendment should be the necessity for the proposed change in view of the present character and needs of the entire new community than of the neighborhood. Compatibility with existing uses would be next in priority affecting decisions on changes. The capacities of municipal water and sewer services should also be considered. These criteria are no different from the accepted bases for rezoning now being carried out in most municipalities.

Each of the elements in the amendment decision should be weighed in view of the policies expressed by the governing body as well as of those embodied originally in the development area plan if they are still applicable. Consistency in the amending procedure can give the new community or other large-scale urban development a chance to draw upon experience in improving its land-use pattern.

CONCLUDING OBSERVATIONS

One justification for encouraging large-scale development is to halt wasteful urban sprawl, to concentrate and plan urban expansion for the conservation of land, air and water. Another is to provide for efficient use of public facilities and public funds. To achieve these objectives, government must be able to plan the future use of land and to see that the plan is carried out. Such a plan must inevitably restrict, provide for, and guide development where it is appropriate. Under present law and practice, however, such planning and land-use controls have many weaknesses, particularly as applied to large-scale urban development.

- While conventional land use regulations are still adequate for regulating most developments in built-up communities, they are totally inadequate and often misused in guiding development in a rapidly urbanizing frontier.
- Most States have enacted permissive planning and land-use control legislation for most of their local jurisdictions; but few have provided their localities with the more advanced type of land-use controls required for guiding large-scale urban development.
- Adoption by municipalities of such innovative controls would provide much of the kind of regulatory system needed to guide large-scale urban and new community development; however, the greater flexibility involved in such controls requires expert administration—a capability not generally found in small local jurisdictions.
- Few local governments have adopted policies deliberately aimed at encouraging developers to build large-scale development, such as: using regulatory techniques to allow the developer to mix housing types while insuring that the overall population density is maintained; allowing more dwelling units if land is dedicated for public open space; permitting flexibility in the usual dimensional limits on yards, building heights and ground coverage to achieve more freedom for economical and attractive design; and relaxing improvement standards adopted for piecemeal development to meet the specialized requirements of the large-scale development.
- Finally, it seems clear that while the States should equip communities with broader development powers including establishment of land banks, holding zones, and policies to require oversize improvements, they should place some safeguards on the local decision-making process to ensure that such authority is not abused by inadequate administration.

Footnotes

[1] Robert M. Anderson and Bruce B. Roswig, *Planning, Zoning, and Subdivision: A Summary of Statutory Law in the 50 States* (New York: New York Federation of Official Planning Organizations, January 1966), pp. 224–26.

[2] American Society of Planning Officials, *New Directions in Connecticut Planning Legislation : A Study of Connecticut Planning, Zoning and Related Statutes* (Chicago, Illinois: 1967), pp. 65–67.

[3] See Peter House, "Farm Land Assessment in Rural-Urban Fringe," 29 *Appraisal Journal*, 57, 60 (January, 1961).

[4] Based on an ACIR survey conducted in the summer of 1967, most counties in which new communities are being built have reacted to such projects by using planned unit development regulations that are generally intended for smaller tracts. Thus far few novel techniques to regulate new communities have been developed by these counties although several counties including Orange in California, Howard in Maryland, and Fairfax in Virginia have adopted "planned community" district ordinances.

[5] Clarence S. Stein, *Toward New Towns for America,* 3rd edition, (Cambridge: MIT Press, 1966), p. 222.

[6] See American Society of Planning Officials, *New Directions in Connecticut Planning Legislation* (Chicago: ASPO, 1967), pp. 36–45, for a brief discussion of major community policies which might be part of new town comprehensive plans.

[7] William A. Doebele, "Improved State Enabling Legislation for the 1960's: New Proposals for the State of New Mexico," 2 *Natural Resources J.* 321 (August, 1962).

[8] E.g., Howard County, Maryland; Orange County, California.

[9] Although the concept of subjurisdictional, "neighborhood" land-use controls is in its infancy, it seems a particularly promising solution for a problem long suffered under traditional land-use controls: the lack of correspondence between land-use patterns and the boundaries of political jurisdictions. This approach can be adopted with little difficulty in new towns which have been developed as clusters of functional planning units. Cf. Revised Code of Washington, Ch. 73 (H.B. No. 115, Sections 1–6, Laws of 1967), providing continued, independent exercise of zoning, subdivision, and comprehensive planning powers by small communities

annexed into larger municipalities; Richard F. Babcock and Fred Bosselman, "Citizen Participation: A Suburban Suggestion for the Central City," 32 *Law and Contemporary Problems* (Spring, 1967), also recognizing land-use control distinctions among subjurisdictional units.

[10] Daniel R. Mandelker, *Controlling Planned Residential Developments* (Chicago: ASPO, 1966), pp. 13–15.

[11] *Ibid.*, pp. 18–24.

[12] See "The Story of a Market Success—And a Financial Failure," *House and Home* (August, 1967), pp. 52–7.

[13] Frederick H. Bair, Jr., "Is Zoning a Mistake?," 14 *Zoning Digest* 249, pp. 252–53.

[14] Mandelker, *op. cit.*, p. 8.

[15] Edward P. Eichler and Marshall Kaplan, *The Community Builders* (Berkeley: University of California Press, 1967), pp. 72–3.

[16] ASPO, *op. cit.*, pp. 55–7.

[17] Jack Noble, *A Proposed System for Regulating Land Use in Urbanizing Counties* (Chicago: ASPO, 1967), pp. 2–3. Note p. 23, which makes a distinction between a high-intensity and low-intensity development sector.

[18] ASPO, *op. cit.*, pp. 62–5.

[19] *Ibid.*, pp. 68–70.

[20] *Ibid.*, pp. 65–7.

[21] Richard F. Babcock, "The Unhappy State of Zoning Administration in Illinois," 26 *U. Chi. L. Rev.* 509 (1959); Charles Haar, "Regionalism and Realism in Land-Use Planning," 105 *U. Pa. L. Rev.* 515 (1957); ASPO, *op cit.*, pp. 174–77.

[22] E.g., Westchester County, New York; Marion County, Indiana.

[23] New York State Statutes, Ch. 296, Laws of 1967, Sec. 239-m.

[24] Also see, ASPO, *op. cit.*, pp. 174–77.

[25] *Ibid.*, pp. 169–72.

[26] The holders of property interests in a given subarea (e.g., a planned neighborhood or industrial park) could be given the opportunity to petition for district regulations to supercede deed covenants.

[27] Marion Clawson, "Why Not Sell Zoning and Rezoning? (legally, that is)," *Cry California* (Winter, 1966–67). Reprinted in *Land-Use Controls: A Quarterly Review*, Vol. 1, No. 2 (Chicago: ASPO, 1967).

[28] Dennis O'Harrow, *New Techniques for Shaping Urban Expansion,* Planning Advisory Service Report No. 160 (Chicago: ASPO, July 1962), p. 12. Appendix L.

Chapter VI

Conclusions and Recommendations

INTRODUCTION

IN THIS REPORT, the Commission has examined recent patterns of urbanization and economic development in the United States and the linkage between the two. The influences—both private and public—on the geographic distribution of population and economic activity have been analyzed. The major consequences of the increasing concentration of population in metropolitan areas and the concomitant loss of population and industries in many nonmetropolitan portions of the country have been assessed. Some of the limitations inherent in traditional patterns of urban development have been explored. Special attention has been directed to the potential of some of the newer types of large-scale development—particularly the "new community"—for injecting a greater degree of order into the future growth of the nation's urban areas.

Now the Commission presents its conclusions and recommendations as to the roles of local, State, and national governments in the processes of future urbanization. The basic recommendations urge the development of national and State policies dealing with urban growth. Certain intergovernmental actions designed to influence the location and character of future urban growth are submitted for consideration as possible components of national and State urban growth policies. To provide a backdrop for what follows, it is desirable to summarize the findings of fact with regard to recent and future trends of population growth and distribution and of economic development in this country.

SUMMARY OF MAJOR FINDINGS

THE LOCATION OF RECENT POPULATION GROWTH

- Metropolitan areas as a group have experienced the nation's largest growth.
- This has been due to the dramatic population increases in non-central city jurisdictions, especially in metropolitan areas of over one-half million population. *The greatest proportionate increase occurred in "metropolitan remainders"—suburban areas outside incorporated places of 10,000 or more.*
- Central cities enjoyed only minor rates of increase or decline in medium and large metropolitan areas.
- Contrary to many recent published statements, *urban places outside of metropolitan areas grew at slower rates than metropolitan suburbs and remainders,* although not slower than central cities. The remainders of nonmetropolitan areas (towns below 10,000 in population, rural villages, and farms) had the lowest growth rate.
- The giant urban areas (one million plus) accounted for over half the increase in total urban population, and those in the 250,000-1,000,000 bracket for nearly one-fourth.
- Urban areas of up to 1,000,000 experiencing the highest growth rate generally were located in a geographic crescent running from Virginia through the old South and the Southwest to the Pacific Coast. Urban areas of this size showing below average growth rates formed another arc, moving from Maine, through southern New England, the Middle Atlantic, Great Lakes, and Plains States to North Dakota.

MIGRATION AND NATURAL GROWTH—1960–65

- In-migration accounted for 22 percent of the 1960-65 growth in metropolitan area population as a whole. The remainder—78 percent—was due to natural growth. The latter rate is likely to increase, suggesting that metropolitan areas contain within them the seeds of their increasing population domination of the nation.
- Eighty percent of the net migration into metropolitan areas was attributable to only nine such areas: Los Angeles-Orange County; New York-Northeastern New Jersey; San Francisco-Oakland-San Jose; Washington, D.C.; Philadelphia; Houston; Miami-Fort Lauderdale; San Bernardino-Riverside; and Dallas.
- Migration provided the least population increase to metropolitan areas in the Northeast and Great Lakes, and most to the areas in the South, Southwest, Mountain and Far West regions.

- Improved economic opportunities prompt migration but mainly among the better educated and skilled. Blue collar workers, less skilled, many Negroes, and the aged for personal and various non-economic reasons tend to resist the attraction of job opportunities elsewhere. The result: migration from depressed areas tends to deplete the most productive sector of its work force.

NEGRO POPULATION

- The ratio of Negroes to the total population of central cities rose from 12 percent in 1950 to 20 percent in 1965. Moreover, the larger the central city, the faster was the rate of Negro population growth and the larger the Negro proportion of the total population.

RURAL POPULATION

- America's rural population has declined only slightly since 1950 but the farming sector alone dropped 4 million between 1960 and 1966.
- Urban-rural comparisons of population growth, educational and health facilities, housing, and income levels suggest major disparities for every index, with rural America consistently in the disadvantaged position.

METROPOLITAN DISPARITIES

- Within metropolitan areas another set of disparities emerges with central cities confronting much greater public finance-public service problems than suburbs and metropolitan remainders.

FUTURE POPULATION PROJECTIONS

- Future estimates indicate a national population increase of about 73 percent by the year 2000, practically all of it urban.
- The lion's share of the increase will come in the largest, fastest growing urban areas, and the South and West will continue to experience the greatest percentage gains.

ECONOMIC GROWTH: LOCAL, STATE, REGIONAL

- The 1950-66 period of overall national economic growth was marked by considerable diversity in rates of growth among individual States and multi-State regions.
- Findings in Chapter II demonstrate that economic growth of municipalities was most frequently related directly to rates of increase in total population and inversely to rates of increase in the nonwhite proportion.
- Governmental policies such as highway and air transportation facilities, housing and community facilities, industrial "climate," and tax level can influence industrial location decisions.
- Central cities are in a less favorable position in competing for new business than their suburbs with respect to land availability, ease of access to markets and supply sources, parking, and social and physical environment.
- Larger cities (over 250,000) in selected States tend to experience diseconomies of scale, spending more per capita as population size increases.
- Within the private sector, the process of urbanization generally seems to lead to higher consumption expenditures.

CONSEQUENCES OF CONTINUATION OF RECENT GROWTH TRENDS

Analysis of the above findings leads to the conclusion that a continuation of recent urbanization and economic growth trends would be likely to produce consequences of critical importance for the well-being of the nation, and of individual States and communities.

- Increasing concentration of people in large urban centers will make public and private consumption more costly as a result of diseconomies of scale.
- While the evidence is not conclusive, it may well be that increased size and congestion will also take a net social and psychological toll in urban living conditions.
- The advantages of suburban and metropolitan remainders in attracting new industry will continue to widen the gap between the economies of central cities and their surrounding neighbors, deepening the problems of many central cities. A most serious aspect of these problems will be the growing inability of the central cities to provide jobs for their residents.
- Continued migration of the Negro population to central cities will add fuel to already incendiary conditions in central city ghettos.
- At the same time, the nation's smaller urban places outside of metropolitan areas will be increasingly bypassed by the economic mainstream and will also find it difficult to offer enough jobs for all their residents and those of surrounding rural areas. Many rural areas will suffer from a further siphoning off of the young and able work force with a resultant greater concentration of older and unskilled among those remaining, and a continuing decline in the capacity of rural communities to support basic public services.
- Finally, if present practices prevail, the continued concentration of urban growth in suburban and outlying areas foreshadows a prolongation of development practices creating "urban sprawl"—the disorderly and wasteful use of land at the growing edge of urban areas.

THE QUESTION OF A NATIONAL URBAN GROWTH POLICY

The urbanization trends examined in this study are complex and varied. They are the result of the interplay of countless decisions by individual citizens and private enterprises, many of which are conditioned by governmental policies and programs at the national, State, and local levels. At the Federal level these governmental influences are exerted through many programs, such as the rural development program of the Department of Agriculture; the urban and rural antipoverty activities of the Office of Economic Opportunity; the various programs of the Department of Housing and Urban Development; the Economic Development Administration's program for assisting depressed areas; the location and scheduling of highway construction; and the distribution of Federal contracts and purchases throughout the country.

State and local actions are key determinants of communities' physical, economic, and social climate—a factor of increasingly critical importance in business location decisions. The major instrument of State and local policy affecting the direction of urbanization is land use and development controls. Among other critical effects, these serve to influence, either directly or through economic forces, the opportunities of racial minorities to move to places of their choice. Also, through fiscal and organizational measures, State and local governments affect the balance of financial resources and services as between central cities and their suburban environs.

The interplay of private and governmental policies and decisions has taken place in the context of governmental institutions which grew and developed in a nation primarily agricultural in character. Only recently have some of these institutions been reorganized to reflect the urban character of the nation. The Federal Department of Housing and Urban Development and State departments of community development and local affairs provide an administrative focus for dealing with urban problems. Legislative organization at national and State levels is only beginning to reflect this concern. In a few States, legislative committees on urban and metropolitan affairs have been established. The Joint Economic Committee of Congress has recently established a Subcommittee on Urban Affairs.

Governmental policies thus have just recently begun to assume an urban focus. Moreover, the focus has generally been sporadic, and while significant, it has been limited in scope. Regarding the location of urban growth, there has been no overall policy by which to guide public policies and programs affecting the geographic location of such development throughout the nation. Similarly there has been no overall policy to guide the character and nature of growth. Lacking a policy framework, specific program decisions concentrating on particular objectives have sometimes produced inadvertent results in terms of urbanization trends, altering or partially cancelling out basic program goals.

Considering the already substantial effect of governmental action on urbanization, and the likely consequences of a continuation of present patterns of urbanization and economic growth, the question arises: *Should government undertake to develop and implement a national policy to deal with urban growth?* Important considerations on both sides of this question should be assessed.

ARGUMENTS IN FAVOR OF A NATIONAL POLICY TO DEAL WITH URBAN GROWTH

- *Governmental programs already have a significant effect on the location of population and economic growth and the character of urban development. Establishing an overall policy would give articulated direction to the effects of these programs, make them consistent, and avoid having different programs working at cross-purposes and subsidizing undesirable and costly patterns of urban development.*

At the Federal level, for example, the FHA mortgage insurance program makes it easier for people to buy new houses, thereby inducing them to move to the suburbs and outlying areas frequently resulting in increased sprawl; the highway program constructs express highways, which make it simpler for commuters to move back and forth from suburb to central city, and to commute between their homes, shopping centers and other residences in the suburbs; the urban renewal and model cities programs are designed to redevelop and revitalize older central cities; Federal purchases particularly for defense and space exploration, finance the location or relocation of entire industrial complexes; the Economic Development Administration assists areas which have had persistent unemployment and have lost population because of it. So far as the location of population and economic activity is concerned, the effects of these and other programs are random and uncoordinated.

At the State level, States may pay a large portion of public assistance costs and at the same time make it difficult for welfare recipients to get accessible jobs by permitting or encouraging discriminatory zoning or housing practices; by failing to assist in establishment of effective mass transportation; or by ineffective administration of public employment services.

- *The Federal Government has also made significant deliberate efforts to influence the forces affecting* *urbanization and economic growth, but each of these is directed at only a segment of the overall problem; the location and character of urbanization is frequently ignored or slighted; and there is no comprehensive linkage of the kind that a national urbanization policy would supply.*

The Employment Act of 1946 was aimed at creating conditions under which there will exist jobs for all those able, willing and seeking work, and at promoting maximum employment, production, and purchasing power. The goal of the National Housing Act of 1949 is to provide a decent home and suitable living environment for every American family. The Public Works and Economic Development Act of 1965 is directed at helping areas and regions of substantial and persistent unemployment and underemployment to plan and finance public works and economic development essentially for the purpose of creating new employment opportunities. The goal of the Economic Opportunity Act of 1964 is "to eliminate the paradox of poverty in the midst of plenty in this nation by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity." The purpose of the Appalachian Regional Development Act of 1965 is to assist this particular region "in meeting its special problems, to promote its economic development, and to establish a framework for joint Federal and State efforts toward providing the basic facilities essential to its growth and attacking its common needs on a coordinated and concerted regional basis. Finally, Title I of the Demonstration Cities and Metropolitan Development Act of 1966 is aimed at enabling cities to improve living conditions for their residents, including rebuilding slum areas, expanding job, housing, and income opportunities, establishing better access between homes and jobs, and reducing dependence on welfare payments.

A national urbanization policy would provide the framework for harmonizing these separate programs so that they support consistent objectives of population location instead of running at cross-purposes.

- *The serious consequences of allowing urbanization and economic growth trends to continue their present haphazard course is itself a strong argument for a concerted national policy to provide more conscious overall direction.*

Despite, or perhaps in part because of the many separate national efforts to intervene in the social and economic order to overcome unemployment and the effects of untrammelled urbanization, we are drifting toward larger concentrations of population with resultant diseconomies of scale and possible increasingly damaging noneconomic effects on urban residents; the poor nonwhites from rural and smaller urban areas are migrating generally to large central cities, adding to the problems of the ghettos; suburban and exurban parts of metropolitan areas are increasingly succumbing to sprawl; the social and political institutions in many impoverished rural areas continue going downhill as the most competent sector of their labor force and leadership move out. The policy of drift has direct budgetary consequences, too. Broadly speaking, to the extent it continues to interfere with maximum employment of human and other resources it is depriving us of optimum economic growth. In the immediate year-to-year budgetary sense, it means the out-of-pocket costs of higher-than-necessary public assistance and unemployment compensation rolls and of the increased public service expenses resulting from sprawl.

- *A national urbanization policy would provide a basis and opportunity for avoiding or redirecting present trends that tend to reinforce the problems or racial segregation, and thus in the long run would help to promote achievement of equality of opportunity regardless of race.*

Such a policy would make it easier to develop and use measures to divert the present flow of Negro poor to the central city ghettos; could help to attract more jobs to central cities; and perhaps at the same time work to break down barriers to suburban residence and encourage Negro migrants from rural areas to move to growth centers outside metropolitan areas. The whole effect could be to relieve tensions in ghettos, help Negroes to achieve upward mobility, and in time foster the dispersion of Negro population which is so necessary to attainment of meaningful equality of opportunity. Present undirected trends often are running in the opposite direction.

- *Continuation of the present migration and natural growth trends may lead to a greater disparity among States as to population and economic growth.*

Such a trend would tend to weaken the 50 States as a group, and thus erode their pivotal role in our federal system. In somewhat like manner, urbanization trends, aggravated by racial considerations, may tend to aggravate disparities among central cities and suburbs in metropolitan areas and between metropolitan and rural areas causing continuing decline of the economic and social health of many of our large cities and rural areas. A deliberate national urbanization policy thus could be a potent instrument for maintaining a more even distribution of strength among States and among local units of government, thereby helping to sustain and strengthen our system of decentralized power and responsibilities.

- *Considering the mounting interest in and out of Congress in the problems of poverty and unemployment associated with urbanization, the chances are that efforts will snowball to launch additional piecemeal efforts to assist particular areas or particular groups in the country.*

Such past efforts are already visible in programs of the Appalachian Regional Commission, the Departments of Commerce, Agriculture, and Housing and Urban Development, and activities funded by the Economic Opportunity Act. A piecemeal approach encourages "pork-barreling," with accompanying waste, and inefficiency. The surest way to combat that tendency is to elevate the basic situation to a matter of overall concern and to tackle the problems of the goegraphic direction of urbanization on an informed, well-considered basis, making it subject to review and redirection as an overall program rather than subject to piecemeal hauling and pulling.

- *There must be an adequate planning process to assure that alternative policies for improving patterns of urban growth are weighed and that once decisions are made, all available resources are coordinated to reinforce their effectiveness.*

A national policy for urban growth must be concerned not only with the location of urbanization but also with its character and quality. New approaches to urban development must be evaluated and related to one another and to overall national objectives. Increasing attention is being directed to the potential of new land-use planning and development techniques and procedures for improving our towns, cities, and metropolitan areas. Many of the more promising approaches are especially applicable to large-scale urban development: planned unit development of various types; multi-purpose town centers; use of planning areas including developed areas, developing zones, and holding zones; and new communities.

While the application of these approaches is primarily within State and local jurisdictions, many Federal programs have a direct impact on them. Such programs can serve either to encourage and facilitate their use or to neutralize and weaken their impact and effectiveness. National programs aiding new community development should reflect and be part of a total urban development policy for the nation. New communities can then be part of a coordinated effort to encourage the most desirable patterns of urban growth in the central city as well as in the suburbs. They can serve to provide dispersal within metropolitan areas and decentralization outside of them. They can afford alternative urban centers for location or those displaced from rural agricultural, mining, and forestry areas. They can be placed in their proper perspective along with expanded growth centers, new-towns-in-town, and other patterns of urban growth.

- *Finally, of paramount importance is the absolute necessity of meeting the immediate, pressing needs in our existing, troubled cities and metropolitan areas and our disadvantaged rural areas, while still directing attention and efforts to the longer range objective of fostering and encouraging urban growth patterns which will provide a wide range of alternatives and help assure the wise use of national resources for the economic and social health of the whole nation.*

The present urgency of the "crisis of the cities" demands immediate action. However, it is vital that the immediate measures to cope with the problem should not divert all efforts and attention from the longer range objective of developing a viable nationwide pattern of urban growth in a healthy economy—both rural and urban. The only effective basis for redirecting our patterns of urbanization, so as to deal with the underlying causes of our present dissatisfaction, frustration, and unrest, is a comprehensive, long-term policy for urban growth.

ARGUMENTS AGAINST A NATIONAL POLICY TO DEAL WITH URBAN GROWTH

- *Urbanization is inevitable and inexorable, and to expend public funds in an effort to stem or divert this process is to squander them.*

Since the dawn of civilization man has tended to congregate; as he has developed, he has assembled with his fellows in ever larger towns and cities. From ancient Greece to the present, the migration from the countryside to the city has been a source of concern and periodic hand-wringing.

- *Even if there were a good theoretical case for a national urbanization policy, we lack adequate data on which to base a policy, and analytical techniques by which to develop it.*

Too little is known about the motivational factors influencing industry and business in locational decisions and about where and how individuals decide upon their place of residence. Moreover, expert testimony indicates great uncertainty as to the social and psychological effects of various sizes and densities of urban population, and the existence of serious problems in balancing those effects against the factors of economies or diseconomies of scale. The required cost-benefit analysis is still in a rudimentary stage of development so far as application to social and other noneconomic factors is concerned. The Economic Development Administration has spent much time and staff resources in trying to identify "growth centers" which might be the focus of its development policies, but has reached no firm definitions. Unless defensible definitions of this kind can be formulated, how is a workable national urbanization policy possible? Moreover, data are scarce as to what kinds of governmental policy tools would be effective in directing or redirecting urbanization and economic growth, even if the proper directions were established.

- *A national urbanization policy would be only as good as its execution.*

Carrying out such a policy effectively would mean action by the Federal Government to induce industry to locate where generally it would not, if left to its own decisions. Similarly, inducements would be required to get underemployed or unemployed persons to move to places of job opportunities. This course is objectionable on two grounds: interference with freedom of choice for business and individuals, and a further strengthening of the national government at the expense of State and local governments. The latter would follow from the fact that, for purposes of uniform, nationwide application of inducements and direct controls, programs probably would have to be administered directly by the national government, or, if administered through the States, under such a heavy hand of regulations and supervision as to constitute direct central administration in fact, if not in name. It is altogether possible, moreover, that a centrally-directed administration of this kind would collapse of its own weight.

- *A meaningful national urbanization policy, involving governmental selectivity as among regions and types of communities that are to be nourished by assistance, in contrast to others left to die, is not feasible politically.*

If the national urbanization policy is to be effective it must involve a special treatment for particular regions or types of communities. Senators and Congressmen naturally would press for continual broadening of criteria for assistance, to the point that benefits either would have to be scaled back to the point of ineffectiveness or the costs of incentives covering a large proportion of personal and business movement would become prohibitive.

- *The present system has admittedly produced pockets of rural and urban poverty and perhaps an overconcentration of population in certain urban centers. Yet in recent history this system has demonstrated that population movement and economic forces, without overall outside direction, work toward a healthier distribution of both people and economic activity throughout the country.*

In the period 1950 to 1966, for instance, there was a general tendency toward a reduction of inequalities in economic growth among regions, States, and localities, with the Southeastern States ranking second only to the Far Western States in economic growth for the period. Similarly, urban areas under 1,000,000 showing the highest population growth rates in the period 1960-66 included the States of the Old South. Measured by both economic growth and urbanization, the South had long lagged behind the rest of the country.

- *A good share of the alarm about "unbalanced" urbanization and economic growth stems from concern over the lot of impoverished Negroes, but this is a problem to be attacked frontally rather than tangentially.*

Negroes bear the major brunt of under- and unemployment in central cities and a large portion of it in rural poverty-stricken areas, and they will probably continue to do so under an extension of existing conditions. But so long as racial discrimination continues in housing, employment and other phases of American life, trying to "solve" this problem by more governmental direction of industrial and population movement is a case of prescribing for a kidney ailment when the patient has tuberculosis. Overcoming racial barriers in metropolitan areas would go a long way toward easing the pressures in central cities that are intensified by continued in-migration of disadvantaged Negroes. Since the Negro poor in rural areas often hesitate to move to where jobs are available because of fears of racial discrimination, their economic problems would also be eased by such action.

- *Interference with market forces also raises the risk of shoring up, at great expense, enterprises and units of government that might better be left to wither and die.*

Implementing a national urbanization policy through use of payments, incentives or other forms of subsidy inevitably would have this effect, with a net overall loss to the economy. Specifically, it could lead to subsidizing people and business to move into or remain in rural backwaters or city slums when a more economical policy for all in the long run would be to encourage them to move out, or at least not to encourage them to move in or stay.

- *A national urbanization policy raises the danger of providing the pretext for all kinds of big-spending programs in the name of achieving a desirable geographical redistribution of industry and population.*

One can envision a multitude of *ad hoc* attacks on the economic problems of particular areas or clientele groups, somewhat equivalent to the ineffective experience under the Area Redevelopment Act. This danger seems particularly real in light of the difficulty of developing objective indices of where special incentives should be aimed and the kind of incentives to use, and also the great political problem of getting Congress to follow these indices and not treat the policy as a convenient cloak for a new exercise in porkbarreling.

FOR A NATIONAL POLICY TO DEAL WITH URBAN GROWTH

Weighing all the foregoing arguments pro and con, the Commission concludes on balance that a national policy to deal with urban growth would be desirable.

While agreeing that urbanization in varying degrees is, of course, inevitable and a natural concomitant of an increasing technological age, the Commission also believes that a combination of public and private actions can mitigate certain adverse effects of present urbanization trends. Specifically, we note the diseconomies of scale involved in continued urban concentration, the locational mismatch of jobs and people, the connection between urban and rural poverty problems, and urban sprawl. In addition to these nationwide effects, such conditions are exacerbating the country's major social and political crisis, i.e., the declining health and vitality of many of our largest cities.

Governmental programs already constitute significant influences on the direction of urbanization and economic growth, whether or not we have a national policy. A national urbanization policy would have the desirable effect of providing a framework for regularizing these influences and some assurance that their effects were understood and desired.

Obviously, a national policy to deal with urban growth and the steps taken to implement it will need to be approached carefully and with considerable flexibility so that the effect of measures can be evaluated promptly and redirected, expanded, or dropped according to the dictates of experience. Until the 1930's many facets of domestic affairs in the United States were not legislated upon by the national Congress. Since that time, however, the national government has begun many programs designed to strengthen the economy and to widen and enrich the economic and social development of the American people.

Suburban development has been subsidized, central city rebuilding has been directly and indirectly supported, the farm economy has been under varying degrees of governmental regulation, and so-called "depressed areas" are given various forms of assistance. So that today, in an increasingly interdependent society, few private actions can be taken without regard to their public consequences and few governmental actions are taken without concern for their impact upon the private enterprise system. Indeed, political discussion and debate seldom deals with the question of whether or not government should become involved in domestic problems but rather treats upon the desirable extent and nature of such involvement.

Counsels of inaction always urge more study before anything is done. We are mindful of the inadequacy of data and analytical techniques essential for developing the specifics of an urbanization policy dealing with the extremely complicated processes of population growth, migration, and settlement. We have recognized in earlier reports the general need for more comprehensive social and economic data for private and public decisions in an increasingly dynamic society. We note, moreover, that data and techniques are often not fully adequate for the launching of a new program, and that, indeed, a prime justification of a new program may be that, by focusing enough attention and resources on the task, in time it will generate the required data, procedures and know-how to accomplish the desired public objectives. In discussing one of the following recommendations we propose steps to deal with the problem of data and analytical techinques.

Finally, and most central to the statutory responsibilities of this Commission, we believe that a national policy dealing with urban growth is necessary and desirable in preserving and strengthening the American federal system. The problems arising from and surrounding the drift of urbanization and economic growth are among the most critical and difficult domestic problems of our time. If the federal system does not move to meet them, its very usefulness is brought into question. State and local governments have most of the direct responsibility for influencing location of industry and people through their control over land use and their effect on community environment, which increasingly concerns business location decisions. Yet, in the final analysis, the policies and programs of all levels are inextricably intertwined as they interact with the process of urbanization. A national policy of deciding the direction in which urbanization should be encouraged or discouraged—developed by cooperation among the three levels of government—can be a major device whereby interrelated intergovernmental activities could be better coordinated to make a more salutary and successful impact on the social, economic, and political life of the nation.

On balance, therefore, the Commission concludes—taking particular account of its findings as to diseconomies of urban congestion, the locational mismatch of jobs and people, the linkage of urban and rural problems, and urban sprawl—that there is a specific need for immediate establishment of a national policy for guiding the location and character of future urbanization, involving Federal, State, and local governments in collaboration with the private sector of the national economy. The Commission's findings further suggest that such a policy would call for influencing the movement of population and economic growth among different types of communities in various ways so as to achieve generally a greater degree of population decentralization throughout the country and a greater degree of population dispersion within metropolitan areas. It could also call for policies designed to encourage the wider availability of low and moderate cost housing, the adoption of land-use and development measures which would help to produce the most desirable patterns and types of future growth, and the strengthening of government at all levels to equip them to deal with the challenges of population growth and increasing urbanization.

THE CRITICAL PROBLEMS OF CENTRAL CITIES

Some might question the framework of an urbanization policy which proposes to provide help for the unemployment and shrinking tax base problem of the central cities but only in conjunction with similar aid aimed at other parts of the country, such as small towns and farm communities. Considering the "crisis of the cities," they would say that this is getting priorities out of line. The answer to these objections is twofold:

First, as many have contended and the Commission's findings confirm, there is a definite relationship between migration patterns in the rural area and the employment and other problems of the central cities. Likewise, there is a relationship between the inability of central cities to attract industry and the surge of industry to the suburbs and beyond.

Second, and more important, the amelioration of the crisis of the cities goes much deeper than readjusting the flow of population or the location of industry. To a significant extent it is a problem caused by long-standing economic and social discrimination by well-to-do suburban communities and the fact that the low income people have been virtually imprisoned within the boundaries of the central city. As the problem deepens, still more middle- and upper-income families move to the suburbs. The problem of the central cities is also one of the obsolescence of physical plant, and consequent deterioriation of the city into a haven of the aged, public assistance recipients, and other "high cost" citizens.

Solution of these problems requires a multi-pronged attack along a broad front, by articulated programs of the Federal, State, and local governments involving major fiscal and organizational reforms. The Commission has proposed many steps to carry out such a strategy in its reports, and particularly in its recent volume, *Fiscal Balance in the American Federal System,* and the 1965 report, *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs.* Generally speaking, these recommendations call for State and Federal governments to provide the fiscal and structural framework for helping out the financial and public service plight of central cities. Of additional assistance to central cities in many cases would be the use of areawide approaches for dealing with areawide problems. The Commission has already made several recommendations geared to these objectives. These are summarized later in the introduction to the recommendations on "Other Intergovernmental Measures for More Orderly Urban Development."*

In short, the difficulties of the central cities are in part a result of the overall trends in population and industrial location and movement. Yet they constitute a broader problem than that covered by an overall policy dealing with urban growth. As such, they also require intergovernmental measures of the variety and number which the Commission has already proposed and continues to press for adoption by Federal, State, and local governments.

NEW COMMUNITIES AND LARGE-SCALE URBAN DEVELOPMENT

Regardless of what is done to alter the course of urbanization, massive population growth is going to take place, and practically all of it will be urban. President Johnson has indicated that to accommodate this growth in the final third of this century in a manner befitting our aspirations, we will need to build as much housing, commercial and industrial facilities, highways and related development as we have since the Pilgrims landed. Chances are that much of this growth, if uncontrolled, will continue to occur in many places under conditions of sprawl, with all of its baneful effects with respect to order, natural resource conservation, economy, and aesthetics.

This report has given extensive attention to one major method of coping with future urban growth in an orderly manner—the use of large-scale urban development and specifically, new communities. Many are of the opinion that large-scale development and new communities offer unique opportunities to combine private enterprise and business objectives with broader social, economic, and political goals of American society. These opportunities include:

- Providing alternatives to continued channeling of urban development into existing, highly concentrated major metropolitan complexes, through establishment of satellite new communities on the edge of a metropolitan area or an independent new community outside the orbit of existing metropolitan concentrations.
- Supplying an imaginative "new-town-in-town" approach to rebuilding blighted areas and to building up vacant areas in large central cities.

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*See pp. 163–166.

- Planning for orderly growth from the ground up, with the most desirable location, timing, and sequence of development and close relationship to areawide, regional and national urban development plans and objectives.
- Accomplishing a less wasteful and more efficient use of land for urban purposes, avoiding many of the problems associated with sprawl, and facilitating a better use of land for public services.
- Providing a chance to break away from conventional thinking and try new arrangements in such fields as building codes, land use controls, zoning regulations, public programs and governmental structures and intergovernmental relations.
- Making available a wide range of housing types at varying costs including low-income housing.
- Offering investment opportunities on a large-scale.
- Presenting a means of demonstrating varying kinds of urban environments which in turn can serve as models or "yardsticks."
- Providing a more dramatic means of focusing the attention of public officials and the public-at-large on the problems of urban development.

Yet large-scale development and new communities face some major practical hurdles with significant public policy implications:

- One of these is the exceedingly large initial investments in land, land development, and amenities, such as neighborhood recreation centers, which must be made, entailing exceptionally heavy annual carrying costs in anticipation of future sales and of the accompanying growth in tax base which will produce ultimate profits and public revenues.
- Another hurdle is the need for early governmental decisions regarding planning, land use control, and development of public facilities and services to protect both the public and the developers' interest in the project in anticipation of a local constituency and political and community leadership not yet present.
- To complicate matters, new community development frequently takes place within a rural county which does not have governmental institutions necessary for an area destined to become urban in nature. Such institutions are necessary to protect the developer's plan and concept, to realize public objectives such as provision of housing within reach of the pocketbooks of low-income families, and to encourage a diversified economic base.
- As a practical matter, little, if any, success has been registered in new communities thus far in providing housing for people with a wide range of income levels and diverse racial backgrounds.
- Sustained governmental involvement and commitment to the objectives of planned new community development are essential to success, but are difficult to achieve. They require an active, informed, and continuing participation by residents in community institutions and effective spokesmen at the State and Federal levels.

On the basis of the foregoing findings and conclusions on urbanization and new community development, in the following pages the Commission presents recommendations for intergovernmental action designed to establish an institutional framework for evolving national, interstate regional, and State policies to deal with urban growth. It also presents for consideration some specific components for such policies. These components would:

- encourage migration into alternative centers for urbanization;
- establish the organizational and financial framework to encourage the most desirable patterns of urbanization in growth centers, large-scale urban development and new communities; and
- provide other intergovernmental measures for more orderly urban development, including particularly new planning and land use regulations.

POLICIES DEALING WITH URBAN GROWTH

In the three recommendations immediately following, the Commission urges: (1) development of a national policy to deal with urban growth; (2) a reexamination of multi-State regional planning areas and agencies; and (3) a new and expanding role for State governments through the development of State urban development plans.

Recommendation One. A National Policy Dealing With Patterns of Urban Growth

To help assure the full and wise application of all governmental resources consonant with the economic and social health of both rural and urban areas and of the Nation as a whole, the Commission recommends the development of a national policy incorporating social, economic, and other considerations to guide specific decisions at the national level which affect the patterns of urban growth.

The Commission recommends that the President and the Congress assign executive responsibility for this task to an appropriate executive agency. The Commission also recommends that the Congress provide within its standing committee structure a means to assure continuing systematic review and study of the progress toward such a national policy.

The Commission further recommends that the executive and legislative branches, in the formulation of the national policy, consult with and take into account the views of State and local governments.

In setting forth this recommendation the Commission is not suggesting a leap unto the unknown. Actually many elements of a national policy to deal with urban growth already exist but have not been brought into consistent relationship with one another. The first major national actions embodying elements of a national economic and urban growth policy were the adoption of the Employment Act in 1946 and the Housing Act in 1949. The Employment Act's declaration of policy stated that it was the responsibility of the Federal government with the assistance and cooperation of private enterprise and State and local governments "to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing and seeking to work and to promote maximum employment, production, and purchasing power."

Three years later, the declaration of National Housing Policy stated that "the general welfare and security of the nation and the health and living standards of its people require housing production and related community development sufficient to remedy the serious housing shortage, the elimination of substandard and other inadequate housing through the clearance of slums and blighted areas, and the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family, thus contributing to the development and redevelopment of communities and to the advancement of the growth, welfare, and security of the nation."

Yet, the policy and the process are at present fragmented and uncoordinated. As a result, Congress in considering new legislation is not provided with a long-range urbanization strategy to assist it in assessing the impact of specific decisions on broader problems and issues. Moreover, States and local governments do not have an articulated national framework of policy within which their own policies can be developed.

If the nation is to embark on a policy of encouraging a more balanced urbanization and of taking steps toward achieving this goal, a national policy framework with appropriate roles for State and local government is absolutely necessary. Choices must be made among various measures designed to encourage the development of alternative locations of economic activity and urbanization, so that a wider range of geographic choices are available to those seeking jobs and business sites. A more balanced geographic pattern of urban growth and economic development must be fostered, and selectivity must be exercised. Hence, a context within which to evaluate choices is needed.

To cite a specific example: if it is decided that new community development should be encouraged to provide a new pattern or urbanization, a number of different factors, sometimes complementary sometimes competing, must be considered. Changing technology, transportation and communication; personal geographic preferences; realistic market analysis; cost benefit relationships; and social costs are just some of the factors that would have to be weighed. Final policy choices, of course, must be made by the legislative bodies and elected executive officials of the country.

No single agency in the national government has a clear assignment to develop national economic development and urbanization policy and goals. The current public debate about what is variously called "urban-rural balance," "balanced economic development," or "balanced urbanization" highlights the need for the establishment of a national planning process which can provide the framework within which relevant policy issues can be decided. At the present time, many national decisions, including location of Federal installation and projects, the geographic location of recipients of Federal contracts, the granting of tax and other incentives, and the approval of grant-in-aid assistance for a host of projects, affect directly or indirectly the geographic distribution and pattern of economic development and urbanization. In many cases the impact has been inadvertent; in other cases a desired objective of one program has been cancelel out by decisions in another program area.

The activities of virtually all of the major Federal departments and agencies directly influence national economic development and urbanization:

- Those of the Department of Housing and Urban Development are almost exclusively concerned with urbanization.
- Transportation facilities are one of the key determinants of economic activity and urban growth, and the Department of Transportation's programs and policies have a major impact on where growth takes place and on the economic stability of regions.
- The Economic Development Administration in the Department of Commerce, operating under the Public Works and Economic Development Act of 1965, is directly concerned with economically depressed regions.
- The Department of Agriculture is increasingly concerned with the economic status of depressed rural areas.
- The utilization of public lands under the jurisdiction of the Department of Interior can also have significant impact on urbanization patterns both by the release of reclassified surplus land for urban de-

velopment and by providing recreational and open space facilities for urban concentrations.

- The availability of a host of services assisted under the programs of the Department of Health, Education and Welfare can also fundamentally affect where urban growth takes place.

The list obviously could be extended. Congressional committee structure to a significant extent parallels this distribution of responsibilities among executive agencies and produces a similar concentration of specific program areas.

The Commission believes it obvious that if a coherent and consistent national urban growth policy is to be formulated and carried out, extensive institutional arrangements will have to be made in both the executive and legislative branches of the Federal Government. Whether executive responsibility would need to be centralized within an existing unit of the President's Executive Office or whether select or special committees should be established by the Congress, the Commission does not presume to say. Naturally, the alternatives would have to be considered carefully in arriving at final decisions regarding the organization required for an effective discharge of the new and rather awesome responsibilities involved.

In evolving the organization and procedures for formulating and carrying out national urban growth policies, particular attention must be directed to assuring adequate opportunities for consultation with State and local governments. Such consultation should be formalized and occur at all stages of policy development and execution. The urban growth policies of State and local governments should be taken into account in developing national policy. For this to be accomplished meaningful representation of State and local views is essential. Furthermore, there must be assurances that consultation and cooperation will continue as policies are executed. States and local governments whose plans and policies are affected by Federal projects and programs must be kept informed of evolving Federal plans and the development and program decisions made pursuant to them. Only through such close and continuing coordination and consultation can meaningful nationwide planning for urban growth take place.

As mentioned earlier any significant effort to provide for the evolution of urbanization policy will call for substantial improvement in the development, collection, and analyzing of social and economic data to allow the measurement of existing urbanization and economic activity, to test the potential impact of alternative policies and programs, and to evaluate the effectiveness of adopted programs. Considerable progress is being made in the measurement and analysis of economic growth and development, although economic accounts have tended to be nationwide in their scope, neglecting smaller areas and regions. However, only tentative exploratory steps have been taken to develop the statistical systems necessary for critically assessing social changes and developments on a State and regional basis.

In its recent report, *Fiscal Balance in the American Federal System,* the Commission recommended the establishment of a national system for the collection, analysis and dissemination of social statistics with full participation by Federal, State, and local governments, emphasizing the development of such data for sub-State geographic areas as well as State and national aggregates. Much of the information needed for a system of social accounts is now being collected by the Bureau of the Census, the Department of Labor, the Justice Department, the Department of Health, Education, and Welfare and other Federal agencies. However, at present there is no centralized responsibility for extracting the significant data and developing systems of social indicators, social accounts, regional accounts, and other appropriate analytical devices.[1]

Although much more advanced systems of economic accounts have been developed, series are only now beginning to be available for smaller areas. For example, personal income series are now being developed by the Office of Business Economics on a county and metropolitan area basis. In another earlier recommendation, the Commission urged preparation of timely and geographically detailed data on industrial activity in general and plant location trends in particular to help fill this informational gap.[2]

Detailed and social and economic indicators such as those previously recommended by the Commission would constitute basic points of departure for the kind of analysis that would be necessary in the development of national, regional, State and local urbanization policies. For example, a price index to compare prices of a common market basket of goods and services among cities of various sizes—which would obviously facilitate analysis of the economies or diseconomies of scale in the private sector—is presently not available. This is paradoxical for two reasons: first, because comparable information is available for the public sector which is the smaller part of our economy and second, because related indices—such as cost of living and historical price data for selected cities—either exist or are in preparation. A price index for a given point in time covering cities of various sizes would be closely related to work already in existence and further elucidate one aspect of the urban growth problem.

Another acute problem facing the country in establishing rational policies concerning population settlement and urbanization is the shortage of adequately trained and qualified professional personnel. A major reassessment of existing educational and training programs is essential.

Educational programs for urban administrators as well as for a host of specialists in the various facets of urban and urban-rural affairs must be developed. Economists, sociologists, political scientists, planners, statisticians, and other professionals need to be trained to provide the capability for assembling, evaluating, analyzing, and applying the information which is essential to the development of urbanization policies at national, State, and local levels and for rural as well as existing urban areas.

Several Federal grant programs are already available to provide assistance in establishing pre-entry professional, in-service, and citizen public service training programs. The Intergovernmental Personnel Act of 1967, which has passed the Senate, would assist in establishing expanded in-service training programs by providing additional grant-in-aid funds for this purpose. The Advisory Commission has supported the general objectives of this bill. In addition, the proposed Education for the Public Services Act would provide Federal support for pre-entry training for the public service without restrictions to specific functional categories.

Recommendation Two. Redirection of Multi-State Economic Planning and Development Agencies

To facilitate the development and implementation of a national policy dealing with urban growth, the Commission recommends that the President and Congress reassess the policies and structures of the existing and proposed multi-State economic planning and development agencies as they affect the geographic distribution of economic and population growth. The Commission further recommends that such agencies be charged with taking national policies into account in the formulation of their regional programs and with developing regional components for the formulation of national policies and programs dealing with urban growth.

The current interest in regions for economic development and urbanization is but the latest manifestation of a continuing preoccupation in a Federal nation geographically as large as the United States. The regional analysis in Chapters I and II highlights the diversities among regions in population growth and in the growth of income on total and per capita basis. Any kind of urban growth planning on a national level obviously must be tailored to meet the differing growth patterns of the various regions of the country. To facilitate this process both existing and revised regional institutional arrangements would be needed.

The earliest efforts in this area were frequently natural resource oriented. Beginning with the TVA, they have progressed through river basin interagency commissions and the Federal-interstate Delaware River Basin Commission to the river basin planning commissions established under the Water Resources Planning Act of 1965. Efforts under the Area Redevelopment Act of 1961 and its successor, the Economic Development Act of 1965 have been directed toward establishing multi-State regional districts to help depressed areas with relatively high levels of unemployment and underemployment. Prior to passage of the Economic Development Act Congress had separately authorized the establishment of the Appalachian Regional Commission. Although similar to the regional bodies authorized under the Economic Development Act, the functions and fiscal powers of the Appalachian Regional Commission are broader.

The initiation of a national policy naturally would involve a reassessment of the role of multi-State economic development commissions. Such an evaluation would include such issues as: (1) greater or lesser autonomy for the commissions; (2) whether or not such regional commissions should be limited to "depressed areas"; and (3) the criteria and methods for identifying regions and for establishing regional boundaries.

The recently issued Executive Order (December 29, 1967) "prescribing arrangements for coordination of the activities of regional commissions and activities of the Federal Government relating to regional economic development and establishing the Federal Advisory Council on Regional Economic Development" establishes a framework for closer coordination of Federal participation in regional programs and for evaluation of programs within the framework of the existing statutory authorization. Although reported in the press as markedly changing the relative roles of Federal and State governments in the establishment and operation of regional commissions, the Commission finds no significant intergovernmental implications in the change.

Recommendation Three. State Policy Dealing With Urban Growth

To assure full and wise application of State governmental resources consonant with the economic and social health of both rural and urban areas in the State, the Commission recommends the development of State policy incorporating social, economic, and other considerations to guide specific decisions at the State level which affect the patterns of urban growth.

The implementing legislation should provide for (1) coordination by an appropriate State agency of State, multi-county, metropolitan, and local planning, and relating such planning to regional and national considerations; (2) conformity of programs

and projects of State agencies to the State urbanization plan; and (3) formal review by an appropriate State agency for conformance with the State plan of metropolitan area and multi-county plans and of those local comprehensive plans, implementing ordinances, and projects having an impact outside the jurisdiction's borders.

The Commission further recommends that multi-county planning agencies be assigned responsibility to review applications for Federal or State physical development project grants in nonmetropolitan as well as metropolitan areas.

The Commission also recommends that the State legislatures provide within their standing committee structure a means to assure continuing, systematic review and study of the progress toward a State policy dealing with urban growth.

Finally, the Commission recommends that the States give consideration both to the national policy and to the views of local governments in the formulation of State plans and policies dealing with urban growth.

Since its inception, this Commission has issued more than a dozen reports dealing with various aspects of urban development and the government of urban and metropolitan areas. On each occasion, we have emphasized the key role of State government in urban affairs—a role often ignored during the past two decades by the State themselves, by congressional committees, by Federal agencies and by many segments of the academic community, the housing industry and the public-at-large. This role stems from the facts that (1) urbanization must be accompanied by local government of some kind and (2) the structure powers and other ground rules for local government are provided by State constitutions and statutes.

The State not only has a responsibility for coping with urbanization after it has taken place; but has an equal, though less apparent, responsibility for planning for the urbanization to come. In many States the prevailing attitude toward economic development and urbanization has been "the more the better," with little if any regard for where and under what conditions these processes should be discouraged. The political attractions of a *laissez faire* and expedient policy are obvious. Yet, the economic, social and political consequences of such a policy are beginning to appear and a number of States are beginning to formulate policies and plans designed to assure more balanced and orderly urban development throughout the State.

There is an additional reason for State action. Urban growth is another one of those emerging areas of public policy where inaction by the States may lead to such a degree of national dominance that the position of State government in the American federal system may be further eroded. The States need to *act,* rather than merely to *react* in this field.

For States to fulfill their key role in the development of urbanization policy, they must have a planning process that will develop the urbanization policies needed to channel their growth. The States, through constitutional and statutory provisions determine the general outline and many of the details for the specific structure, form, and direction of urban growth. They must supply the guidance for specific local government, metropolitan, and multi-county planning and development programs. They must establish the link between urban land-use and development oriented local planning efforts on the one hand, and broader regional and national objectives on the other. Where this linkage is missing, participation in regional efforts is limited and the realization of national policies becomes much more difficult.

Every State has some type of State planning capability. Yet, support for State planning varies widely, as does the form of organization and authority given to the agency or agencies involved. Although the evolution of effective State planning can be seen in a few States, it is safe to say that in no State government is planning sufficiently advanced to assume its role in the development of State land-use and urbanization policy recommended above. Thus far no State has prepared a true State urban development plan. The Hawaii State Zoning Plan, however, points the direction.

In its recent report on *Fiscal Balance in the American Federal System,* the Advisory Commission stressed the importance of a strong well-staffed, State planning program directly under the Governor. The report recommends that each State develop a strong planning capability in its Executive Branch. The Commission concluded that the planning function should include formulation for consideration by the Governor and legislature of comprehensive policies and long-range plans for the effective and orderly development of human and material resources of the State; that it should develop a framework for functional, departmental and regional plans; and that it should provide assistance to the Governor in his budget-making and program evaluation roles.[3]

The Commission further recommended that Congress enact legislation to provide an overall revision of section 701 of the Housing Act of 1954. It was urged that Federal planning assistance be employed to strengthen comprehensive planning as an arm of elected chief executives at the State, areawide, and local levels; that a closer relationship between planning, programming, and coordination be required; and that all federally aided functional planning be related to comprehensive planning. Finally, it was recommended that provision be made for State planning agencies, especially those with federally aided comprehensive State planning programs, to review and comment upon all local and areawide applications for urban planning and assistance.[4] In its survey of State planning programs and efforts, the report provides a general picture of the present situation.

A State urban development plan should be sufficiently specific and not merely classify land as "suitable" or "unsuitable" for urban development. Potential new urban growth centers should be identified and designated and possible new community sites could be selected. In time, such a plan could become sufficiently detailed to indicate, for example, substantially developed urban areas that were suitable for filling in, including urban renewal and increases in density. In areas classified as unsuitable for urbanization, there could be further differentiation into areas for agriculture, recreation, greenbelt treatment, nature conservancy, water conservation, and flood control.

The statewide program, then, should go beyond land classification and the negative controls of zoning. It should include appropriate positive measures as well, such as land banks, urban development authorities and corporations, land and development rights purchase, new community building programs, urban renewal, and housing. State programs for highway construction, State parks, air and water pollution abatement, water conservation, health facilities, should be coordinated with the State urban development program.

A system of checks and balances including consultation and review would be necessary to prevent arbitrariness in the administration of a State urban development plan. There should be an adequate hearing procedure to provide an opportunity for interested parties to express their views. Local and State agencies should have the right to petition for changes in the State plan. Private property owners should be able to seek changes in the plan through their local governments. The private property owner who convinces his local government of the need for an amendment to the plan would have his petition heard through appeal by the local jurisdiction.

The State urban development plan would not show future land use in the detail necessary for specific land use and development controls and regulation. It would establish standards, but the standards would still be generalized. The final specific regulation of development within State urban development plan classifications would generally remain with the counties and cities having jurisdiction. In effect, this would be leaving with local government most of its present responsibility for zoning, subdivision, and other development regulations—but only in those areas suitable for urban development and with improved approaches.

Most States are large enough and contain enough diverse economic, physical, and social elements within their borders to necessitate some kind of regional organization to facilitate local planning. For some States with limited geographic area or sparse population this may not be necessary. In others, it may prove necessary only in metropolitan areas. Yet, the States increasingly are finding it expedient to establish regional organizations for planning and development purposes.

In at least 36 States, planning areas have been established, sometimes primarily as administrative regions of the State planning agency, other times as locally initiated planning regions, and in still other cases as State designated planning or planning and development regions. To implement a State urban development program such as that recommended, States may wish to consider decentralization to combined planning and administrative regions.

The multiplication of differing regions for varying State and Federal planning and program purposes within States has introduced an element of confusion, complexity, and lack of coordination which can frequently thwart the whole concept of decentralized government. A number of different approaches to correcting this condition are possible, but the basic goal should be maximum conformance to State-designated regional borders and a minimum number of differing organizational structures.

In a recent report on the administration of the poverty program in the United States, the Advisory Commission discussed the problem of the proliferation of districts with varying borders and administrative organization. It recommended the establishment of multi-purpose, areawide public agencies in nonmetropolitan areas to undertake physical, economic and human resource planning and development programs over multi-county areas.[5] Subsequently, in a September 2, 1966, memorandum on "Coordination for Development Planning," the President requested Federal departments and agencies to encourage State and local development planning agencies to work together in using common or consistent planning bases and indicated that boundaries "for planning and development districts assisted by the Federal Government should be the same and should be consistent with established State planning districts and regions."

The Commission has previously recommended that States authorize and encourage the establishment of metropolitan area planning agencies [6] and councils of governments.[7] In over two-thirds of the States, metropolitan and other areawide planning agencies have been established and, in over half the States, there are councils of governments operating in metropolitan areas. A number of the councils of governments serve as areawide planning agencies. Whether or not the planning function is combined with other functions in a service district or functional authority, it is particularly important that district borders for the various Federal and State programs be as congruent as possible. Whatever specific administrative arrangement is used, representation should be afforded for both State and local governments in the planning process.

For the State urbanization plan to become fully effective, a link must be established with multi-county and metropolitan area plans and with those local plans and development measures having an impact outside the borders of the local government. There are a number of approaches possible for implementing State policies. A review and comment approach to local actions could be authorized. State aid could be withheld from local projects which do not conform. The most direct approach is to require conformance with the State urbanization plan. For local governments, this requirement should apply not only to plans but also to land-use development control and regulation ordinances and to specific projects which have an impact beyond the borders of the local governments. There should be a similar requirement for conformance of programs and projects of State agencies to the State urbanization plan. With these provisions, State policies could provide the guidance and direction necessary for the realization of urban growth objectives.

Conversely, there is equal necessity for adequate and timely consultation by the State government with local officials. The State planning process must provide ample opportunity for continuous and institutionalized representation of local government views. At the points where State and local urban development plans impinge upon one another an exchange of views and information is essential. There is already considerable experience in the States with bringing local governments into the State planning process. Interagency State planning programs in several States include representation of local governments. Many States have developed planning regions through which much closer contact with local governments is possible. It is particularly important that close coordination continue into the actual development stages in order that the planning process may be fully effective.

POSSIBLE COMPONENTS OF URBAN GROWTH POLICIES

In the following two recommendations, the Commission suggests a number of measures that should be studied and considered as possible components of national, State, and local urban growth policies. Some of these measures are particularly suited for consideration at the national level, some may be proper for action at either the national or State level while others are appropriate only for State and local consideration. For instance, the Federal Government has the primary role in tax incentives for industrial location and policies influencing population mobility. Loan programs to influence location may be undertaken by both Federal and State governments. Suggestions are included for Federal and State roles in land acquisition and improvement for large-scale urban and new community development. These approaches include both institutional arrangements and financial support. Finally, the States are urged to consider measures to strengthen local government capability to deal with urban growth.

Possible approaches to implementing a national urban growth policy are included in Recommendation Four and approaches suggested for consideration by State governments are made in Recommendation Five. Recommendations of the Commission made in previous reports that are relevant to urban growth policy are summarized at appropriate points in the following discussion.

Recommendation Four. Possible Components of a National Policy Dealing With Urban Growth

The Commission is of the opinion that national governmental policy has a role to play in influencing the location of people and industry and the resulting patterns of urban growth. Some of these ways are of proven capability; others are untried. The following should be considered as useful approaches to the implementation of a national policy regarding urban growth:

- **Federal financial incentives, such as tax, loan, or direct payment arrangements for business and industrial location in certain areas;**
- **placement of Federal procurement contracts and construction projects to foster urban growth in certain areas;**
- **Federal policies and programs to influence the mobility of people, to neutralize factors producing continued excessive population concentrations, and to encourage alternative location choices; such policies and programs might include, among others, resettlement allowances, augmented on-the-job training allowances, interarea job placement and information on a computerized basis, and the elimination or reduction in the "migrational pull" of interstate variations in public assistance eligibility and benefit standards;**

- **strengthening the existing voluntary Federal-State programs of family planning information for low-income persons;**
- **Federal involvement and assistance under certain conditions (such as assurances of an adequate range of housing) for large-scale urban and new community development.**

A. INFLUENCING INDUSTRIAL LOCATION

Earlier in this report, the mechanisms of community economic growth were examined; it was noted that actual growth depends on a community's success in attracting additional spending within its confines which in turn leads to a multiplier effect. It was pointed out that this multiplier effect can be generated by any additions to spending, but that business investment decisions and governmental outlays constitute the two potentially—if not actually—most dynamic sources of new spending. Moreover, we also found that both of these categories of decisions significantly affect population movement and the location of economic growth.

Currently, neither business investment decisions nor governmental spending are weighed in terms of mutual consistency or their impact on the national urbanization process. The present pattern and projected future trends of urban development portend, as we have seen, growing urban congestion, intensified urban and rural poverty, and an economic mainstream with large backwash areas. To achieve a better geographic distribution of economic and population growth—to implement a national urbanization policy—the Commission in this section suggests several approaches to influencing industrial location that should be considered by the Federal government. In the following section, several measures to influence population movement are presented.

In administering locational incentives, care must be taken to assure that they are used selectively to accomplish urban growth policy objectives. Such objectives would involve encouraging industrial location in and population movement to certain clearly identified areas. The following is an example of the kinds of communities and areas that might be so identified:

- *Labor surplus rural counties* generally are areas of underemployment, characterized by an older, underskilled, and undereducated population, resistant to moving. Absence of transportation and communication linkages as well as natural resources make economic growth unpromising. *These factors combine to suggest an area policy of job training for residents and assistance in relocating to job surplus areas other than major metropolitan centers.*
- *Labor surplus city neighborhoods* in large urban areas are characterized by considerable underemployment and unemployment, recent out-migration of "blue collar" industry and difficulty of resident job seekers in traveling to blue collar jobs in suburbs, but ample public investment in facilities vital to industry. *These factors suggest a policy of attracting new business and industry to such areas and of providing assistance in helping firms employ and train unskilled workers; and simultaneously, of launching a program of relocation assistance for residents to specific job surplus areas either in the suburbs or outside the metropolitan area.*
- *Small rural growth centers* generally are "urban places" located in essentially rural counties not part of any metropolitan area. They have experienced a steady population and job growth in recent years; serve as major trade, transportation, service, and social centers for their surrounding areas; and are relatively free of major socio-economic problems. *These traits prompt a policy of attracting more business and industry, assisting industry to train more workers, and inducing both rural and urban people of low-income to move in, through relocation assistance.*
- *Medium size cities with job opportunities* generally have substantial physical plant in place, steadily growing population and economic activity, socioeconomic problems still open to solution, and strong linkages to sizeable surrounding areas through good transportation and communication. *These factors indicate a policy of attracting low-income people from rural and large metropolitan centers through relocation assistance to fill the expanding job opportunities.*
- *Labor shortage suburbs* in large urban areas are major growth points, characterized by high level economic activity, and an expanding demand for many kinds of labor, including blue collar. *This suggests a policy of enabling low-income workers to live near suburban employment and assisting low-income in-migrants from other parts of the metropolitan area to relocate near suburban jobs.*
- *New communities* ideally are characterized by initiation and growth of communities of diversified population and economic activity. Policy indication: relocation assistance for low-income in-migrants from labor surplus areas and, where a pro rata share of low-income housing is ensured, governmental assistance for the developer in acquiring and developing land.

Of the above types of communities, one warrants further comment at this point: "small rural growth centers"—towns and smaller cities, not in metropolitan areas, with "growth potential." Growth potential in our opinion, would be indicated by the presence of certain favorable conditions identified in recent studies of the Economic Development Administration and Appalachian Regional Commission studies. These include:

- steady recent growth in population and economic activities;
- strong linkages to a sizeable surrounding area for which the community acts as a major trade, service, and social center;
- transportation and communication ties to the area; and
- availability of land for development, and other desirable topographic features.

While the presence of such features would be favorable indicators of growth potential, the small size of the communities suggests that such growth cannot be considered a sure thing. In other words, the likelihood of sustained balanced growth in a small community is much more fragile and problematic than in larger communities. For one thing, these communities must contend with the inexorable "pull" of large urban centers upon rural people. Outside (governmental) help then is probably needed to increase the chances of turning potential into actual growth.

Aggregate business investment in new plant and equipment now approximates $60 billion annually. While much of this replaces outmoded facilities and machinery, a vast amount represents the opportunities private enterprise sees in new products and new markets. The diversion of an incremental fraction of this amount by the use of fiscal incentives to small rural growth centers and to labor surplus neighborhoods in large metropolitan areas could well change the disturbing trends and future economic prospects for vast areas of the nation.

Through its own direct action and through purchases from the private sector, government has vast potential for influencing the locus of economic activity. An obvious example is the decision respecting the location of public facilities and associated public employment. Accordingly, whether or not government chooses to influence private business locations through the exercise of tax incentives or other fiscal devices, it can use its own authority to spend, purchase, and locate public buildings to encourage population shifts and economic growth in selected places.

Encouragement of economic growth is already a part of Federal, State, and local governmental policies. For urbanization policy purposes, however, such measures need to be *deliberate* and *selective*. Their purpose—after all—is to channel private investment to those locations where economic growth will have its maximum impact on urbanization policy goals—where a policy will move a community to the "take-off point" from which it can reach new economic heights.

Governments, then, obviously have in their grasp a number of levers capable of influencing a shift in the location of economic activity. The series of possible actions described below show how use might be made of the vast fiscal resources of the Federal Government in furtherance of national and State urban growth policies. Possible State actions are set forth under Recommendation Five.

1. Enactment of legislation by the Congress to provide Federal incentives for business or industrial location in furtherance of national urban growth policy

The National Government can use its fiscal resources to influence the location of economic activity in order to achieve a more balanced distribution of population and economic growth. This would involve legislation to encourage business and industry to locate in small rural growth centers and in those neighborhoods of large urban areas chronically classified as sections of concentrated unemployment or underemployment by the Secretary of Labor. An incentive program for firms locating in areas targeted for population and economic growth might well include: (a) preferential tax treatment in the form of a Federal income tax credit—a subtraction from computed tax liability—granted by the Secretary of the Treasury upon certification of the Secretary of the Commerce; (b) preferential financing arrangements in the form of below market rate loans granted by the Secretary of Commerce; or (c) location cost offsets in the form of direct payments by the Secretary of Commerce based on capital outlay or operating cost differentials between the costs that would be incurred by a firm locating at the targeted site and at a more economically advantageous site elsewhere, but in no case should the payment exceed a specified dollar amount.

If measures such as these are adopted, the dollar amount of any tax credits or preferential financing arrangements, estimated by the Secretary of the Treasury, should be included each year for informational purposes in the President's budget. Also, the enabling legislation should bear an expiration date of a few (e.g., 5-7) years in the future so that the Congress and the Executive Branch might assess costs and benefits of the subsidy approach.

The facts and trends disclosed in this report indicate that more jobs will be needed in small rural centers with growth potential if they are to attract the jobless from both rural and urban areas, and in large central cities to help reduce underemployment and unemployment. The Federal Government should consider seriously the merits of direct, positive action with regard to the greatest single determinant of future population distribution in the United States—namely, the geographic location of new business and industrial enterprises. Jobs could be created in rural growth centers and central city neighborhoods if business and industry were given an incentive (in the form of a Federal income tax credit) to locate there. This would be of great assistance in (1) setting in motion a braking force on future population concentrations, and (2) coping with existing urban problems.

Rural growth centers outside metropolitan areas provide a near-at-hand destination for poor out-migrant jobseekers from rural poverty areas who would otherwise head for big urban centers, thereby aggravating an existing labor surplus situation. Proximity is also likely to enable these communities to attract those rural jobless who are reluctant to leave their home community—those constituting the hard-core rural poor. Finally, such small places may also attract out-migrants from the central cities in search of jobs. The factors which could assist the Federal administrator distinguish small communities that have "growth potential" from those that do not, have previously been suggested.

The foregoing alternatives, as they relate to rural areas, are parallel to legislation pending in Congress—S. 2134, the proposed Rural Job Corporation Development Act of 1967. This bill would provide a series of tax incentives to encourage private investment "with the aim of utilizing more fully and effectively the human and natural resources of rural America, slowing the migration from the rural areas, which is principally the result of a lack of economic opportunity, and reducing the population pressures on our metropolitan areas." Incentives include increased tax credit against investment in plant and machinery, accelerated depreciation schedules for such investment, extra deductions for wages paid to low-income persons, and assistance in worker training.

In addition to upgrading the economy of rural America to reduce the urban pull, steps can be taken to alleviate the immediate problem of unemployment in central cities. The latter, after all, is caused in part by the long-sustained in-migration of rural poor. Positive Federal action could attract business and industry to central city neighborhoods of labor surplus.

The unemployed in these neighborhoods consist mostly of semiskilled and unskilled workers. Their joblessness is the product of a number of social and economic forces including:

- the flight of industry to the suburbs, caused by such economic factors as a general shift to production techniques which require extensive land and single-story production lines;
- in-city traffic and parking congestion;
- development of circumferential highways or beltways bringing markets and supply sources closer to suburban locations; and
- the lack of adequate mass transit between central city and suburbs, making home-to-job travel costs prohibitive for the city blue collar worker; while at the same time economic or racial barriers bar him from moving his residence near a suburban job.

In time, it is hoped, that some of these barriers will be lowered or removed with improved mass transportation, the provision areawide of housing for low- and moderate-income families, and the diminution of racial discrimination in the suburbs. Efforts also will have to be made to retrain and relocate some of the city's jobless. Meanwhile, however, attempts might well be made to bring jobs into large central cities. This means bringing into their neighborhoods business and industries which can offer blue collar opportunities needed by the semiskilled and unskilled workers constituting the labor surplus.

Existing Federal programs in urban communities emphasize individual services and rehabilitation; they are not directed toward influencing private industrial and business location decisions to locate plants near available people in city neighborhoods. The Economic Development Administration is prevented, by a restrictive statutory definition of redevelopment areas from entering most urban communities. The Department of Labor has programs to provide training for employees, but does little to stimulate creation of new jobs. The Office of Economic Opportunity ***had*** a tangential responsibility for helping create urban jobs through its funding of Small Business Administration Development Centers, but this program has been terminated. A Federal incentive program for industry and business locating in central city labor surplus neighborhoods would be an important step toward filling this gap in Federal program for stimulating job creation in central city neighborhoods. It also would serve to increase a city's tax base, thus allowing provision of more and better public services.

Governmental incentive techniques to influence business and industrial location may take the form of preferential treatment, preferential loans, or direct payments. Each technique has its advantages and disadvantages relative to the others and each must be considered in the light of how well it effects a net social benefit. For example, should incentives be offered to all firms making a location decision in a designated area? The market orientation of many retail and personal service businesses suggests that a locational incentive to these firms may not be very useful in providing additional social benefit. Should incentives be designed to increase, up to a limit, depending upon the amount of capital investment or should they vary with the labor force characteristics of the firm? The net social benefit of a business location decision is more likely to be greater if the firm is labor intensive rather than capital equipment oriented. Finally, should incentives be made available to firms locating with short-term leases in an approved area? Some provision probably should be made for the firm's length of stay in a designated area.

Tax Incentives. A Federal income tax credit might be a percentage of various bases: (1) investment in plant and equipment; (2) amount of payroll; and (3) value added to produce. Each method has its virtues. The first would tend to encourage investment in the nonlabor factors of production, thus emphasizing automation and technological improvement. The second would emphasize the use of labor and thus would more immediately further the objectives of an urbanization policy seeking to attract people by jobs. But it might tend to discourage technological improvements. The value-added-base—relating the amount of the tax credit to the amount of value added by the business or industry's own activities—would steer a course between the other two. Under any of these three approaches, the Secretary of the Treasury would be required to grant the tax credit upon certification of eligibility by the Secretary of Commerce.

The tax credit approach has several virtues when compared to the alternative subsidy arrangements. Business could count on the tax credit more than it could on the availability of low-interest loans or direct subsidy payments. Tax policy changes are less likely to occur than changes in policy respecting the other forms of subsidy, depending as the latter do on the overall Federal financial condition.

Tax credits interfere least with business decisions. Although the tax credit would be conditioned on a specific business location decision that accords with general policies adopted by Congress, it would not subject business to the detailed scrutiny normally associated with Congressional appropriations or Federal lending activity. Tax credits have greater appeal to business simply because they permit greater flexibility in managerial decisions.

Because tax credit incentives would represent a cost to all taxpayers not benefitting directly from them, they should not and need not be of indefinite duration. Within a few years after tax credits are initiated they will either have had an impact on urbanization or have proved ineffectual. By incorporating a termination date in the legislation, review of the program after a trial period would be assured. This would also forestall, without further legislation, any continuing draw down on Federal resources in the absence of a showing to the satisfaction of the Congress that tax credits were achieving their desired objective.

The tax incentive would represent Federal benefits to its recipients, just as a direct grant or subsidy. To make this clear, the Secretary of the Treasury should estimate the amount of the credit used annually and state it as an expenditure in the budget. This would identify the credit properly, and would permit the Bureau of the Budget and Congress to scrutinize it in relation to the tangible benefits obtained in terms of the geographic dispersion of industry and of jobs added in labor surplus areas.

The tax incentive approach is not without its critics. They point out that tax incentives are erratic in operation because the amount of the benefit to any individual depends upon number of unrelated circumstances connected with his own tax computation: whether he has any tax liability at all, what his effective rate is, and so forth.

Another criticism leveled at the tax incentive approach is that it may involve "tax people" in decisions which they have no special competence to make. If the Federal government wants to reward people for making certain business location decisions, the administration of these incentives ought to be handled by personnel familiar with location problems.

Where two Federal agencies are involved in determining what firms are entitled to tax benefits, a complex administrative process may result, with the self-administering feature of the program, and the functional specialization of governmental agencies (e.g. tax administration) lost. Subsidy payments might just as easily be made under the supervision of trained personnel and on a more timely basis than that associated with annual tax filing deadlines, according to these critics.

With a tax incentive, it is usually impossible to distinguish between results that relate to the incentive and results that would have occurred without it. This means that some part, frequently a large part, of the government's revenue loss may go as a windfall to those who were perpared to take such action without regard to the incentives.

Critics also note that because the tax writing legislative committees will have difficulty in evaluating data relating to whether or not particular location decisions were made in response to the tax incentive. Congress might find it expedient, even after enacting temporary tax incentive provisions, to extend the incentive more or less automatically. This, the critics contend, is a likely outcome, because the governmental costs covered by tax incentives are less obvious to the public than direct expenditures.

Critics further belabor the tax incentive approach because it must rely exclusively on the profit motive which requires that business concerns focus on increasing the productivity of the trained worker rather than on the need of the unskilled and unemployed. Moreover, they argue, it is of uncertain value to promote new and independent firms which lack the opportunity to write off their losses in a risky location against profits earned at well-established sites.

Below Market Rate Loans. Loanable funds may be in short supply or the risks normally associated with a business venture may result in relatively high interest rates and therefore effectively deter business and industrial firms from locating in areas where economic growth would be desirable. The Federal Government should reduce the financial obstacles for business and industrial location in small rural growth centers and in areas of chronic labor surplus to facilitate job creation in areas specifically identified for future economic growth, pursuant to a national urbanization policy. To accomplish this objective, the Secretary of Commerce could be empowered to offer lower-than-market-rate loans to influence geographic location.

Below-market-rate loans for business ventures have been used in a variety of Federal programs: to assist small businesses unable to obtain needed financing elsewhere on reasonable terms; to help victims of flood or natural disasters; to help veterans buy a business or otherwise enable them to undertake or expand a legitimate business venture; and to assist various kinds of private and public organizations in supplying electrical services to rural areas (rural electrification).

The Public Works and Economic Development Act of 1965 authorizes the Secretary of Commerce to make loans to aid in financing any project within a redevelopment area for the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage if financial assistance is not reasonably available from private lenders or from other Federal agencies. EDA made 63 project loans in 1967 in 26 States and Puerto Rico. They amounted to $50.6 million out of total project costs of $88.7 million.

Incentives for business and industrial location in the form of below-market interest rate loans have several advantages. While some business firms can obtain a substantial pool of funds from a variety of sources such as bank loans, company equity, or local development companies this accumulation may nevertheless fall short of meeting the minimum needs for developing a new site or enlarging an existing operation. By making additional funds available at favorable interest rates the Federal Government can fill the margin between resources and fund requirements needed to allow an otherwise sound business venture to proceed.

The Federal loan approach has substantial business appeal because it makes additional funds available without threatening the equity or control of the entrepreneur. Yet the soundness and security of the public's investment can be adequately protected by the Federal agency administering the loan.

Opposition to this approach could be expected from those who question the use of Federal credit for private gain regardless of the basic merits of fostering a better poulation distribution in the country or of alleviating the immediate problem of unemployment in central cities. Others would contend that this approach would result in unfair competition to competing business and industry also seeking to expand but not in areas designated for favorable Federal loans. A more pertinent criticism is that the loan technique may make the size of the benefit dependent upon the amount of capital invested rather than upon the volume of payrolls.

The below-market interest rate loans would represent a Federal subsidy to their recipients akin to a direct grant. It would be appropriate therefore that the Secretary of the Treasury estimate and report the dollar cost of such Federal loans for budgetary purposes in order to give Congress and the Executive Branch an opportunity to evaluate the cost effectiveness of this incentive designed to broaden the locational choice for industry and to create new jobs in chronic labor surplus areas. To give the public iron clad assurance that it will not be asked to bear in perpetuity the cost of an unsuccessful program, authorizing legislation for low-interest Federal loans should contain a termination date beyond which the program would automatically cease in the absence of affirmative Congressional action to continue it.

Direct Payments. The most straightforward method of encouraging the wider geographic dispersal of business and the creation of new jobs in urban centers of chronic labor surplus is to make direct subsidy payments to entrepreneurs who locate in the designated areas. The economic development purposes to be served may be of such transcendant importance that this approach would be warranted.

To establish an effective direct subsidy program that would channel job creating economic activity to specific sites, a payment that would offset either higher capital outlay or operating costs could be made. A direct subsidy based on cost differentials would put areas of desired economic growth on a par with other areas as far as direct business costs are concerned; the payment should not, however, loom large enough to enable subsidy areas to capture all economic development. This could be assured by putting a dollar limit on the amount of the direct subsidy payment.

The direct subsidy approach has much to recommend it from both a business and governmental viewpoint. Without minimizing the difficulties of administration—many of which are encountered whenever government seeks to promote its objectives by offering incentives—the cost to the public of a direct subsidy payment program can be determined more readily and with greater precision than can tax incentives or below-market-rate loan incentives. Direct subsidy payments require detailed planning by the business applicant, but this prerequisite increases the prospect that the subsidy will fulfill its purpose. For the businessman, the subsidy approach represents a "no strings" financial contribution to the firm to be used as management sees best fit.

The very openness of this approach may constitute its principal weakness. Both the businessman and the administrator of the subsidy could expect criticism from those who are prone to second guess their decisions.

In opposition to the use of any special incentives to influence industrial location, it can be argued that, regardless of the importance of national policies designed to direct economic growth and job creation to areas of urgent need, no program to provide Federal incentives for business and industrial location is warranted. Sound economic development, so the argument runs, rests on the natural selection process that weeds out the marginal undertaking and nurtures the productive enterprise.

Many of the costs entailed in providing public incentives for private effort are intangible. The same may be said of the alleged benefits. As a practical matter, the task of evaluating the costs of and benefits from incentive programs exceeds the validity of measurements at hand. It also can be argued that an incentive program might tend to become open-ended with far-reaching consequences. Regardless of the limited objectives an incentive program might be designed to achieve, proponents of the approach would constantly argue that the objectives could be accomplished more quickly and more universally by expanding the size and scope of the incentives. By becoming less selective, the incentives would lose their intended effect. As Benjamin Franklin once observed: "A benefit to all becomes a benefit to none."

By continuing to rely solely on the profit motive to determine where and whether business and industry will locate, critics believe that the public will be assured of protection from bootless adventures in the field of economic planning. The Federal Government's resources would be husbanded for legitimate public purposes, rather than squandered on a Federal incentive program designed to have business act in a fashion that it would often act anyway from its own self-interest and in the absence of any incentive.

Critics also contend that every program of public incentives for private effort has severe drawbacks. They feel that tax incentives, for example, are by and large Congressionally licensed raids on the Treasury. No one is able to say for sure how much they cost or what return the public is getting on its investment. These critics note that many tax students argue that history has demonstrated that once a tax gimmick gets into the Internal Revenue Code it figuratively takes the legislative equivalent of a nuclear blast to get it out. Moreover, tax incentives assign a higher priority, in effect, to economic activity freed of liability than to any other activities or programs, including national defense, that are supported by annual appropriations.

Finally, the critics warn that low-interest loans from the government to private business are a sinister type of incentive. They represent a dual-type of unfair competition—unfair to businesses financed in conventional ways and unfair to banks and the investment community whose major source of income is arranging to finance business ventures. Direct subsidies to private firms, so the argument runs, are completely alien to the American enterprise system except for activities essential to the national defense.

All of these arguments, of course, warrant careful consideration in the formulation of Federal incentives to influence the location of new business and industrial establishments as one of the possible components of a national urban growth policy.

2. Enactment of Federal legislation to provide a percentage preference on the award of public contracts to labor surplus and other areas in furtherance of national urban growth policy

In order to generate new employment in small rural growth centers and in those neighborhoods of large urban areas chronically classified as sections of concentrated unemployment or underemployment by the Secretary of Labor, legislation could be enacted providing that, (1) in evaluating competitive bids for public contracts, a percentage deduction be allowed on the price offered for goods produced or services performed in such areas, and (2) in negotiated procurement, preference be given to bids from such areas.

Federal procurement practices provide a significant stimulus to the growth and development of particular areas. Yet, recent studies have documented the extremely uneven geographic distribution of Federal contracts, which amount to over $85 billion a year. The statistics on the location of contract awards indicate a concentration of both defense and research and development contracts in the wealthier and more highly urbanized States. The potential significance of defense contracts is acknowledged in the present policy of encouraging the placement of defense contracts with firms in labor surplus areas designated by the Department of Labor. This policy was recently amended to give first preference to firms operating in sections of cities or States with high concentrations of unemployment and underemployment, providing they agree to employ disadvantaged workers. The policy directs that preference be given to such areas in negotiated contracts. It further stipulates that a portion of contracts let under competitive bidding be set aside for negotiated placement with firms in such areas if they match the price established on the competitively bid portion of the procurement. It is the policy of the General Services Administration to encourage firms in labor surplus and redevelopment areas to submit bids for supplies and equipment. However, strict application of competitive bidding requirements severely restricts the flexibility available in pursuing a policy of encouraging economic development and urbanization in specific areas. Present policies then have been of only limited significance.

The allowance of a credit in evaluating bids or offers for public contracts could provide a more effective method of stimulating an additional flow of government procurement to small rural growth centers and surplus labor city neighborhoods. A percentage deduction might be allowed for that proportion of the goods which would be produced or the services which would be provided in such areas. Thus, if a bid were received from a manufacturer whose plant producing the goods was located in such an area, the deduction would be allowed whether the plant was the main headquarters or a branch. Further, a prime contractor would be allowed a similar deduction on that portion of a price bid which represented goods to be produced or services to be provided by a subcontractor in such an area. To be eligible for the deductions, a contractor would be required to specify in his bid the location of the plant that would be producing the goods or the office that would be performing the services.

Pending Congressional legislation provides a case study of this approach. In the first session of the 90th Congress H. R. 12802 was introduced "to develop business and employment in smaller cities and areas of underemployment and unemployment, to assist in bringing excess farm labor and other unemployed and underemployed labor into a new productive relation to society and yet to enable such people to remain in less densely populated areas, and not be forced to migrate to our already overcrowded cities." * The bill provides that in awarding contracts, the Federal Government would give credit on bids received from cities under 250,000 population, proportionately greater credits for smaller cities, and a separate credit of two percent for any area where unemployment or underemployment exceeds the national average or for areas of serious emigration.

As with other industrial location incentives, it is critically important that any new public contracts policy be implemented selectively. If it is not administered specifically to promote balanced economic development and urbanization, it can become so widely available as to give a publicly subsidized private advantage, without any accompanying public benefits. Nevertheless, heavy concentration of public contracts in certain geographic areas can distort patterns of economic development and urbanization and make the achievement of a balance more difficult. The receipt of a contract in a rural growth area, or a labor surplus city neighborhood, on the other hand, could generate employment where it is needed and have a multiplier effect, as supporting activities are developed.

3. Promulgation by the President of criteria for location of Federal buildings and facilities in furtherance of national urban growth policy

Decisions regarding the location of public facilities and projects can have a signficant effect on the economic development of an area. Major government installations such as State universities, government office centers, research complexes, military installations, and public works projects can provide a major impetus for growth and can affect the form and character that it takes. Every effort should be made to capitalize on the potential of these major public investments and to realize their multiplier effect. Their proper location and development can constitute a significant element in realizing the aims of national urbanization policies.

Wise location policies, for example, can provide the base for renewed growth and development of a small rural growth center, serve as the basis for a new-town-in-town project, or help to give impetus to the development of a new community. Unless the location decisions conform to overall urbanization policy and sound land-use development programs, they can serve merely to generate new problems or aggravate old ones as they have done in connection with the location of some of the large space exploration installations, military bases, and office building complexes. Location decisions then can precipitate new problems of congestion and sprawl, or contribute to a more orderly, meaningful, and satisfying pattern of urban growth and development.

Examples of public buildings and facilities serving as one of a number of components determining the location of urban development are numerous. The consolidation of Federal agency field offices in a number of instances have served to stimulate the economy of regional growth centers. Federal installations have frequently been the focus of urban redevelopment projects and are presently being actively proposed as a

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**Congressional Record,* October 9, 1967, p. H 13097.

major element in the development of new-towns-in-town on undeveloped land. The decision to place the United States Geological Survey headquarters office in Reston, Virginia, has served to strengthen the latter's economic base. Planned new community development in the Germantown, Maryland, area is being influenced by the presence of an increasing number of Federal office buildings, including the headquarters of the National Aeronautics and Space Administration and the Atomic Energy Commission. A branch of the University of California will serve as the major focus of one of the communities in the Irvine new community development.

Major public installations can, of course, serve as the major employment base and growth generator for whole communities. For example, the location of the new Atomic Energy Commission accelerator west of Chicago probably will serve to revive Weston, Illinois, an earlier attempt at a new community which failed.

Some have suggested that one method of initiating programs of coordinated, large-scale urban development is to combine the availability of public lands with construction of government installations, centers, and facilities. Such an approach could be taken either to establish new-towns-in-town as recently proposed in the President's directive to Federal departments to identify sites elsewhere similar to the National Training School site in Washington, D. C., or to establish experimental, independent new communities on surplus public lands. The latter approach, while presenting a significant opportunity, has more limited potential, because of the overriding necessity for having economic and urban growth potential and the limited instances of large enough blocks of public lands available at such locations. However, where they are present, important contributions can be made. Significant public resources of land and buildings could be focused on the development of a new community providing an unparalleled opportunity to realize both the social and physical development objectives of this type of urban development.

Civic centers, hospitals, public institutions, office buildings, and universities and colleges can also serve as a type of public aid and assistance for new community development and can influence its location. When sites are developed cooperatively with the private builders, they can become an important element in total design. If some of the modified new community or alternative large-scale development approaches are used, the public building component can be of major significance. In a multi-purpose center approach, for example, combining schools with apartments or office buildings, the building of education campuses, and the construction of civic centers can provide a major element, and serve to generate and focus surrounding urban development.

B. INFLUENCING POPULATION MOVEMENT

The analysis of migration in the first chapter revealed the extremes of mobility and immobility—with certain, comparatively few, large, congested metropolitan areas experiencing massive influxes and with numerous poor residents of ghettos and rural areas unable or unwilling to move to job surplus locations. This somewhat "patchwork quilt" of moves, non-moves, moves to places with no jobs, and moves to densely settled areas with good employment opportunities certainly suggests that economic self-interest is *not* the only motivational thread in the pattern. A program of location incentives to industry can be balanced and complemented by a program geared to influencing the location decisions of people. Unlike the former, the latter would facilitate moves from labor surplus rural counties and large urban neighborhoods to clearly identified employment opportunities in small rural growth centers, in job surplus medium-size municipalities, in labor-shortage suburbs in large metropolitan areas, and in new communities.

While an effective and successful program of industrial location incentives and economic development would provide a natural magnet for many, other factors contribute to the lack of mobility among large segments of the population including inadequate information, the absence of necessary skills, lack of funds, and the risks—along with the fears—involved in a move. Hence, a combined program would include industrial location incentives and measures influencing population movement.

Resettlement allowances including both relocation and resettlement and readjustment payments can be provided for low-income families. To assist workers in adjusting to job opportunities and to encourage employers to hire them, on-the-job training programs can be expanded and the Federal-State employment service program modified and redirected with greatly increased emphasis on interarea job placement counseling and information. In order to neutralize any migrational pull of interstate variations in public assistance programs, the national government could assume complete financial responsibility for all public assistance or establish mandatory minimum standards for Federal-State categorical public assistance. Finally, as an element of a national urbanization policy, there could be a strengthening of voluntary programs of family planning for low-income persons.

Some critics of such measures for influencing population movements argue that their basic purpose is inimical to the precepts of an open society and more suitable for an authoritarian system—that, in fact, they woud not work without the coercive direction of such a system. Others claim that the essential disruptor of a fairly rational migration pattern is the irrational whiplash of racism and any package of location proposals that skirts this issue is irrelevant.

4. Establishment of Federal-State matching program of resettlement allowances for low-income persons migrating from labor surplus areas

This approach envisages a Federal-State matching program of resettlement allowances. These allowances would be provided to low-income persons migrating from labor surplus rural counties and neighborhoods in large urban areas with chronic unemployment to small and medium-sized communities with definite employment opportunities.

Although moving expenses alone do not appear to be a major deterrent to low-income families seeking to relocate, the combination of moving expenses, initial resettlement costs, and the risks involved in making such a move do constitute a deterrent. A combined moving and resettlement payment support would help overcome this impediment to mobility.

Regardless of the Federal agency assigned responsibility for administration of a resettlement allowance program, the program should be closely related to job training and placement services so that those seeking to relocate in any of the defined areas anywhere in the country could be informed of job opportunities and could be provided necessary job training either through existing programs or through an expanded on-the-job training program such as that described below.

A limited experimental relocation assistance allowance program is authorized by an amendment to the Manpower and Development and Training Act of 1962. The program provides grants and loans to involuntarily unemployed workers who have elected to participate in an experimental project involving relocation from areas with no job opportunities to areas of labor demand.

To date, there have been approximately a dozen different types of projects for varied kinds of workers ranging from unskilled, rural Southern Negroes to skilled aircraft workers in a major metropolitan area. Some of the projects have been conducted through the State employment services and others by organizations under contract. Funds for financial assistance are administered by the Unemployment Insurance Service. The relocation payments have averaged $300 to $400 per family and the cost of supportive services, $400 to $500 per family.

The Federal Government also administers a program providing limited travel and moving expense reimbursement to Federal employees who are displaced by defense shifts, including those transferred to new posts. There is also an experimental program administered by the Department of Labor under the Manpower Development and Training Act providing assistance in relocating employees of defense contractors who are displaced as a result of contract cancellation, renegotiation or other changes.

Related, but not central, to the problem of geographic resettlement for new job opportunities is a number of Federal and State relocation programs for persons displaced by public projects. For projects aided under programs administered by the Department of Housing and Urban Development, Federal reimbursement of moving costs is available. Under federally-aided highway projects, States that choose may include relocation payments as part of the project costs. Both TVA and the Corps of Engineers provide resettlement payments to those displaced by water supply and flood control projects.

It is here suggested that the principles embodied in the experimental relocation assistance programs and other related programs be applied as a positive measure specifically designed to assist low-income workers seeking employment in areas identified for urban growth.

5. Provision of additional Federal funds for on-the-job training allowances for employers in labor surplus areas

To further a goal of balanced urbanization through improved job opportunities for unskilled, poorly educated, and low-income people, consideration should be given to the need of providing alternative locational choices both to those from depressed and disadvantaged rural labor surplus areas and to the underskilled and undereducated in the ghettos and other labor surplus neighborhoods in the big cities.

The provision of on-the-job training and the acceptance of trainees by employers in rural growth centers can be encouraged. The most rapidly expanding industries tend to be those making use of advanced technology. Specialized training and retraining is usually essential to employment in these industries. Many job applicants from either rural labor surplus areas or the ghettos no doubt would benefit from basic training. Even the more experienced applicants from urban areas would probably need retraining.

Surveys indicate that the underskilled and undereducated are less likely to migrate. If true alternatives are to be offered, efforts must be made to encourage people in these categories to accept job opportunities elsewhere. By coupling training with a specific job offer an added inducement is given. This, however, does place a burden on the private employer and additional reimbursement would appear justified.

This type of inducement would also be particularly significant to employers in labor surplus city neighborhoods where there is a tendency for the less skilled and less well educated to remain. Total training costs would no doubt be significant in this type of situation and employers would need additional assistance.

At present, the Manpower Administration of the Department of Labor through its on-the-job training program contracts with employers to provide on-the-job training. Allowances consist of weekly reimbursements for a portion of the cost of establishing the training program. In order to encourage employers in rural growth centers to provide job opportunities for persons primarily from labor surplus rural areas, and from labor surplus neighborhoods in big cities such employers could be offered additional training program allowances and also wage supplements. A comparable program might be undertaken in labor surplus urban neighborhoods for trainees residing in the area. The training program allowances would encourage employers to expand and improve their training programs and facilities. The wage supplements would help to reimburse them for the difference between wages paid and actual work accomplished during the training period. No new authorization in the basic Manpower Development and Training Act legislation is needed to allow such a program to be established. However, for it to have any appreciable impact, additional funding would be necessary.

6. Expansion of the Federal-State employment service program and establishment of nationwide computerized job information system providing data on job vacancies, skills, and availabilities

A significant redirection and expansion of the interarea job placement, counseling, and information services of Federal-State Employment Service programs is needed to assist job-seekers from labor surplus rural counties and city neighborhoods. Full and accurate information about job opportunities in other parts of the country must be a critical feature of this expanded effort. Such a program should provide a focal point for counseling, information, placement, and training. In an earlier report on *Intergovernmental Relations in the Poverty Program,* the Commission recommended the coordination of job creation and job training programs.[8] A number of efforts in this direction are being made, but as the March 1966 report on the President's Committee on Manpower noted:

> There is no agreement at the present time regarding appropriate relationships among the . . . (manpower) programs. Clear lines of demarcation between all the programs have not been drawn either in terms of the clientele to be served or in terms of the services and training or work experience to be provided. Furthermore the job creation and job training programs must be related to job information, placement and counseling activities of the employment services.

In its earlier report on *Metropolitan Social and Economic Disparities,* the Commission dealt with this relationship in metropolitan areas. The Commission recommended that the Governors and the Secretary of Labor take steps to assure that public employment services are provided to all job applicants and employees within metropolitan area labor markets regardless of State lines, and that the steps should include interstate agreements and action by the Secretary to make sure that effective arrangements were being carried out as a condition of Federal grants for employment security administration.[9] This approach should be extended nationwide with particular emphasis on rural growth centers, medium-size cities with job opportunities, and nonlabor surplus suburbs in large SMSA's. Interarea arrangements should be developed to provide a flow of job information to job applicants without regard to State lines.

Potential employers must have information regarding immediate labor supply and possible job applicants and also be provided with long-range analysis and assessments of labor and manpower trends. This type of information is being developed in a variety of different agencies and would certainly be among the types of information to emerge from a national planning process for balanced urbanization.

A nationwide computerized information system providing job information would be a particularly significant element of an expanded program. Such a system would provide specific information regarding job availabilities including skills required, location of openings and other relevant information. This type of information could be instrumental in alleviating situations which frequently arise when the job vacancies available in an area are not matched with the job skills of those in the area, looking for work. This gives rise to the claim that jobs go begging in the very areas where there is a labor surplus. Actually, a number of the vacancies may be of a type for which there are not enough qualified applicants. But all this will be of little practical value if the data is not assembled, analyzed, and made readily available to employers in a timely fashion and in a form that will be of maximum use. This should be another important responsibility of the type of expanded employment service program recommended here.

7. Enactment of Federal legislation to eliminate or reduce migrational influence of interstate variations in public assistance standards and benefits

In order to neutralize any "migrational pull" of interstate variations in public assistance benefits and eligibility requirements and for a variety of other reasons, Congress could either enact legislation providing for assumption by the National Government of complete financial responsibility for categorical and general public assistance throughout the United States or enact mandatory minimum standards for eligibility and benefits under Federal-State categorical public assistance programs.

One of the major objectives of a national policy dealing with urban growth should be the provision of as wide a range as possible of alternative locations and types of jobs for all income levels. If such a goal were adopted, strong arguments could be made for Federal assumption of public assistance costs as part of such a policy. Different eligibility requirements and different levels of public assistance support payments after all can be among the factors influencing the direction of migration and urbanization.

Communities which provide a wide range of housing and job opportunities within their borders, thereby furthering a national urbanization policy, should not be penalized by being asked to assume additional welfare burdens. The burden could be particularly acute in an area which has a potential for economic development and growth but is presently underdeveloped or, as in the case of a new community, just starting to develop. The tax base and revenue sources necessary to support public programs are severely restricted during early growth as compared with the resources of established, mature communities.

Furthermore, a national policy which attempts to encourage individuals to accept alternative residential locations should not penalize them by asking that they accept lower public assistance support if for one reason or another they find themselves in need. Nor should welfare payments themselves serve as an attraction to migrants. The present pattern of support payments tends to concentrate additional persons in the already densely populated major metropolitan complexes.

Existing studies indicate that job opportunities and the presence of friends and relatives are more important factors than welfare levels in influencing where people go. These findings, however, are based on limited samplings and some evidence exists for a contrary conclusion. In any case, the level of welfare payments should be removed as an influence so that a national policy of urban-rural population balance based on other considerations can be pursued. This becomes particularly important in view of the recent court cases supporting the view that residence requirements for welfare are an unconstitutional denial of equal protection of laws. Federal cases so far have been decided in the District of Columbia, Conecticut, Delaware, and Pennsylvania and are all under appeal to the Supreme Court.

However, the case of nationalization of the welfare function is not without its drawbacks. First, it would force the National Government to assume the State and local share of financial responsibility for public assistance—now running approximately $3.5 billion. Actually, this would be only the first installment because nationalization would result in a greater outlay than that currently made by States so that a realistic annual price tag of at least $5 billion must be attached to this proposal which would mean an additional annual Federal outlay of $1.5 billion.

Some State leaders are opposed to relinquishing the determination of welfare standards to Congress. Some contend that it is impractical to set national dollar standards for relief of poverty and argue that poverty can only be defined within a statewide context. An income that means bare subsistence in Harlem means relative comfort in a small Iowa town. Others argue that nationalization of welfare would deal a crippling blow to the notion that the States should play a key role in the determination of domestic policy.

A policy that calls for Congressional enactment of minimum standards for public welfare eligibility and benefit schedules stands midway between the present arrangement with each State determining its own standards and the other alternative described above—complete nationalization of the welfare responsibility. It is essentially a compromise proposal; it seeks to leave a large share of policy determination above the minimum floor in the hands of State policymakers, yet at the same time removing the harshest elements of the present system—unconscionably low levels of welfare assistance in certain States.

Any action on the part of the Congress to raise the welfare benefit "floor" automatically reduces the disparities between States and hence the influence of public welfare benfits on locational decisions of families in need of public assistance. Welfare recipients would not be the only beneficiaries of minimum national standards for eligibility and benefits schedules. It would act as a "helpful lever" in upgrading the economic level of the entire population in those States where the standards are now unusually low. Additionally, it would reduce the vulnerability of high standard States to the argument that their generous payments encourage an influx of needy families into their jurisdictions. Moreover, a nationwide minimum standard seems to be extremely timely in view of recent court cases challenging residence requirements for welfare as an unconstitutional denial of equal protection of laws.

The minimum standard approach has been recently endorsed by the Advisory Council on Public Welfare and was embodied in recent Administration proposals calling for strengthening the joint Federal-State public assistance program. At the present time, several States are providing AFDC payments that fall far short of their own determinations of cost standards for basic needs. In fact, in one State AFDC payments fell as low as 20 percent of its needs standard and in 10 States AFDC payments fell below the 50 percent level.

There are substantial obstacles to the achievement of even this limited degree of welfare uniformity. While the price tag would be far less than in the case of complete nationalization, Federal intervention would be stoutly resisted by many State leaders as an unwarranted intrusion into the State policy field. They would contend that the so-called minimum standard approach would constitute a significant beachhead and thereby facilitate the complete nationalization of all welfare programs. As in the case against complete nationalization, the difficulty in imposing national standards even on a minimum basis is underscored. The difference in needs in the rural South and in Northern urban centers is difficult to accomodate on a nationwide basis.

8. Expansion and adequate funding of voluntary programs of family planning for low-income persons

This report has focused on the geographic distribution of economic and urban growth in the United States and some of the consequences arising from the increasing concentration of such growth in limited areas of the country. The problem arises from a combination of the rate of population growth and its concentration in limited areas. Demographers see no real danger in the foreseeable future of being unable to feed adequately a growing population or even of being unable to increase the level of living as measured by *per capita* income.

Yet, while the birth rate for the nation as a whole has been declining, no significant decline has occurred among low-income families. The birth rate remains high among the very families who suffer most from the consequences of the heavy concentration of population in limited areas and who continue to provide through natural increase and migration, one of the major components of such concentration. It also remains high among families who suffer the most from rural poverty and who have a high immobility rate.

As an element of an overall urbanization policy, the present voluntary programs of family planning for low-income persons could be strengthened. Assistance to States and local governments in establishing family planing programs is available through grants from Office of Economic Opportunity and Children's Bureau. Yet more is needed. Family planning services are routinely and easily available as an integral part of adequate medical care to the well-to-do through private physicians. At the same time, current public and private family planning programs, it is estimated, are serving no more than 10 to 12 percent of the more than 5 million medically dependent women who are potential patients for subsidized family planning services.

This is the current situation even though Federal agencies have inaugurated new policies, and bills for family planning programs have been introduced in Congress. Progress in implementing the program and in adopting legislation has been slow. A major effort by Federal, State and local governments would be necessary to make sure that these services are easily available to low-income persons in all parts of the country.

C. LARGE-SCALE URBAN AND NEW COMMUNITY DEVELOPMENT*

i. *Large-Scale Urban Development.* While the geographic location and distribution of the country's future urban population is a major feature of any national urbanization policy, the form and quality of urban growth obviously is another vital component. We know there will be massive building and rebuilding during the final third of this century to accommodate the 115 million Americans that will be added to our population. Approaches that would serve to influence the location of much of this building in less congested areas have been presented. At this point, attention is directed to measures designed to facilitate and promote a more desirable future form and pattern of urban growth responsive to national, State and local policies and goals.

In developing small rural growth centers and independent new communities, in improving suburban and metropolitan fringe development, in launching within such areas new communities that are balanced and diversified, and in filling in undeveloped or cleared areas in large central cities, the relationship between the quantitative and qualitative facets of urban growth is underscored and the potentialities for large-scale urban development are highlighted.

An essential trait of new large-scale urban development should be its reliance on effective land use planning and *development guidance and regulation.* In a technical sense, the conventional tract subdivision is a large-scale urban development; but such a project is not usually subject to adequate planning and regulation. It usually lacks attractive design features and relates ineffectively to surrounding developments. Large-scale urban development, then, begins to offer promise when accompanied by strong and effective land-use planning and regulation. Moreover, it encourages the use of more flexible development controls and confers the benefits that flow from large-scale land assembly.

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*While the following discussion provides a general introduction to measures designed to facilitate large-scale urban and new community development, only those specific components for consideration by the Federal Government are presented here. The specific components for consideration by States are presented on pp. 160–172 as part of the discussion of Recommendation Number Five.

These advantages, however, are contingent upon development of effective land use planning and control mechanisms and procedures. Without them, large-scale urban development can leave much to be desired. In its simplest form, the large-scale urban development may be *primarily residential*—single family units, townhouses, and apartment complexes. It may also include a multi-purpose town center or a combination of commercial, industrial and cultural facilities as a focus for surrounding urban growth. Finally, it can and has entailed the development of entire new communities.

These varying alternatives, in turn, depend on differing combinations of planning, regulatory, and land acquisition resources. The multi-purpose town center, for example, involves land acquisition concentrated on the community center along with planning and regulatory controls geared to encouraging and facilitating development around the center. A new community development, on the other hand, requires public or private acquisition of the entire area projected for development with more flexible planning and land-use regulations which will more fully implement the community's potential. Finally, new-towns-in-towns, while of a smaller size, would combine some of the planning features of new communities with elements of more conventional urban renewal projects.

Critics of the types of possibilities just described claim that they call for too great an involvement of government in planning and land-use efforts and that too much of the development initiative is left to government—and far too little to the private sector. Some restate the above argument in terms of encroachment on the unfettered operation of free market forces. Still others, on the other hand, doubt the feasibility of these types of urban development on the grounds that few State and local governments would or could develop the land-use planning and control mechanisms required for its effective implementation.

More effective guidance and regulation of urban development is no doubt necessary in any case. The next question is the extent, if any, of governmental subsidy for certain types of large-scale urban development. The answer to this question hangs essentially on whether the new development will further such broad public objectives as accommodating its pro rata share of low-income housing.

The Advisory Commission in the past has devoted continuing attention to the problems of improving the social, economic, and governmental structure of urban areas. A number of previous Commission recommendations for strengthening local government and their powers to deal with urban growth are summarized in the discussion of Recommendation Five.[10] Several calling for both Federal and State action on measures relevant to large-scale urban development are discussed below:

- In a study of metropolitan social and economic disparities, the Commission recommended that diversification and geographic dispersal of housing for low-income groups be encouraged by amending Federal, and where necessary State, housing legislation to increase the flexibility of the low-income housing program and otherwise improve the lot of those qualifying for and using public housing. It was suggested that methods of supplementing the traditional public housing construction program should be encouraged to diversify the means of assisting low-income families to attain sound dwellings. Measures to facilitate purchase, rehabilitation, and lease of existing private housing and to authorize subsidizing of rents of low-income families in private housing were suggested. Additional financial assistance to private nonprofit organizations to enable them to provide subsidized housing for low-income families was also encouraged.[11]
- All of these measures would be particularly helpful in achieving balanced and diversified development in small cities and in suburban communities where resistance to public housing projects is strong. Moreover, they are more easily implemented through the various new large-scale urban development techniques. The Commission also urged appropriate Federal and State agencies to accelerate adoption of cooperative agreements for enforcing Federal and State laws and regulations forbidding discrimination in housing. Such steps would also make significant contributions toward the development of the balanced community growth which is essential to the realization of a sound national urbanization policy.[12]
- In another report, dealing with building codes, the Commission recommended measures designed, among other objectives, to reduce housing cost due to excessive and diverse code requirements, to stimulate building research, and to expedite the acceptance of new building products. These objectives are basic to any nationwide urban development program. Building large-scale urban developments and large new communities on undeveloped land provides a major opportunity for the development and introduction of new materials and building methods. The potential of this opportunity, however, cannot be realized as long as archaic methods, restrictive practices, diverse and rigid building code requirements, and lack of adequate research into new materials and technologies hinder the building construction industry and add to the cost of housing. The Commission's recommendations in the building codes report deal directly with these impediments.

- To achieve the uniformity necessary to assure a national market for building products, the Commission recommended that Congress authorize and finance a cooperative program designed to develop national building construction performance criteria, standards, and testing procedures which could be used as elements of model building codes. It was recommended that a national drafting commission be established representing all levels of government to develop a model code with the participation of the model code groups and other interested public and private groups, using the standards developed under the cooperative program.
- Since State and local governments occupy a key position in efforts to modernize building codes and to achieve uniformity, it was recommended that each State develop a model building code for permissive adoption by local political subdivisions. The Commission urged the States to establish a building construction review agency at the State level to consider appeals from the decisions of local government on matters concerning interpretation of standards governing building construction. The Commission also recommended a national and State program for research in building construction to accompany the recommended program for the development of the performance concept in building standards.[13] The Commission, then, calls particular attention to the relevance of its report on building codes, since its recommendations constitute an integral part of national urbanization policy.

The approaches which are presented in the remainder of this section and in the discussion of large-scale urban and new community development following Recommendation Number Five are geared to providing solutions to the problems of governmental organization, land-use and development regulation, and the accomplishment of desirable social objectives in large scale urban development generally and new communities specifically. They include governmental subsidization of new community development subject to some strict conditions, assistance for assembly and improvement of land for urban development, strengthening local government's capacity to deal with urban growth, and some new approaches to planning and development.

The large amounts of capital and the massive combined efforts necessary to initiate and give direction to large-scale urban development projects such as new communities, multi-purpose town centers, and new-towns-in-town, dramatize the need to marshal all available public and private resources to provide a more desirable, liveable, and economical pattern of urban growth. A number of proposals for new institutional arrangements designed to foster large-scale urban development through the acquisition and improvement of land have been made.

Some have urged that special institutions be established solely to achieve these purposes. Opinions differ, however, regarding the assignment of responsibility between levels of government and between the public and private sector. There have been suggestions for an "urban space agency" analogous to the National Aeronautics and Space Administration; mixed public-private corporations using COMSAT as a precedent; and various types of new and specialized public authorities. Some propose a national urban development effort similar to the earlier Greenbelt projects or a national land development agency. Others suggest State land development authorities. Finally, some recommend that existing governments should take the major initiative. They have proposed strengthening or adding to the powers of existing general purpose governments so that they could participate more actively in planning, fostering, and overseeing urban and new community development. Some of the approaches clearly are mutually exclusive, but others could be used in varying combinations as discussed below and in Recommendation Number Five.

9. Federal assistance for new large-scale urban development—low interest loans and capital grants for land acquisition

To assist State and local governments in land acquisition necessary to accommodate future urban growth, the expansion of two existing Federal assistance programs suggests itself. Section 704 of the Housing and Urban Development Act of 1965 (the Federal program for advance acquisition) could be amended to include capital grants for the acquisition of land for public facilities and large-scale urban and new community development. In addition, Title X of the National Housing Act (the land purchase and development loan guarantee program) could be expanded to include low interest loans to State land development agencies for land purchase and site development.

In either case, additional standards and guidelines for the planning and development of eligible large-scale urban and new community projects would be needed to assure conformance to and furtherance of a national urbanization policy and of State urbanization plans. Such standards and guidelines could require eligible projects to provide low-income housing in the same proportion to total projected housing in the new development as the proportion that low-income families bear to total State or metropolitan population.

If the loan approach were adopted, the Secretary of Treasury could estimate the net cost of the program to the Federal Government for informational purposes as an exhibit in the President's Annual Budget. Finally, if the enabling legislation bore an expiration date of a few (e.g., 5-7) years, Congress and the Executive Branch could assess the costs and benefits of the low interest loans.

Only by advance acquisition will it be possible for States and local governments to purchase before development in an area takes place and before the resulting rapid increase in cost. The large initial investment and extended holding period necessary in a successful and on-going program of advance acquisition has proven to be a major deterrent for States and localities already hard pressed to support current operating and construction programs. Many States have already strained available State financial resources to undertake capital investment programs for immediate needs such as State institutions, universities and colleges, public works and the like. Many localities have comparable fiscal headaches. They thus are unable to finance adequately the buying and holding of land for future needed development, even though such inaction may result in later purchase of less desirable land at higher cost. Further, they certainly would be unable to embark on a program of assembling and acquiring strategically located land for future urban development by private builders.

While loan or loan guarantee programs—particularly with deferred repayment provisions—would provide substantial assistance, it is unlikely that they would suffice to permit inauguration of a significant land bank or land reserve program. Yet such a program represents a foundation for implementing urbanization plans. By purchasing strategically located land, States and large local jurisdictions can give direction and form to future urban growth. They can encourage large-scale urban development by assembling smaller parcels of land which might not otherwise be available and without which costly bypassing would be required. Furthermore, substantial savings in the cost of land acquisition for public projects and facilities could be realized through advance acquisition in conformance with development plans. Because of the sizeable investment involved and because of the broad national interest in the wise use of land, a capital grant program for advance acquisition of land by State and local governments—including State land development agencies should be considered.

Section 704 of the Housing and Urban Development Act of 1965 presently authorizes grants equal to the interest payments for up to five years on money borrowed by State and local governments and agencies for advance acquisition of land for public facilities. Amendments to Section 704 included in the bill for the Housing and Urban Development Act of 1968 would broaden these provisions to allow advance acquisition for any public purpose and would replace the requirement that the land be used within five years with a requirement for use within a reasonable time. They would also clarify the authority of State to participate and would permit diversion of land acquired to nonpublic purposes if the grant were repaid or land of equivalent value were substituted for it. The authorization under present Section 704 could be further expanded to include capital grants to assist in advance acquisition of land for public facilities, and large-scale urban and new community development. Expansion of the program to include capital grants for land acquisition for the latter objectives could provide substantial additional assistance to State land development agencies and enable them to inaugurate significant programs.

Federal grants to States for advanced acquisition of land for public facilities and large-scale urban and new community development stand out as the means of giving powerful impetus to State urbanization policies. With this financial assistance, State plans for future facilities could be brought into being at the right time and in the right place. A program of financial aid to States for large-scale urban and new community development holds promise of establishing an urban environment most conducive to human resource development which now absorbs a large share of Federal and State resources.

Turning to the second approach, it seems clear that for State land development agencies to accomplish their objective of carefully planned acquisition of land for future urban use, they must be in a position to acquire land considerably in advance of development. The ready availability of Federal loans, at the time when they are needed, and at low interest rates would help provide States with the resources to enter actively into a land acquisition program. In making financial assistance available, the Federal Government would be acknowledging the broad national interest in the wise use of land—one of our major national resources. It would also be acknowledging that the States are well suited to provide the leadership necessary for the development of imaginative new urban land-use and development programs working through State institutions, local governments, and private enterprise.

Presently, Title X of the National Housing Act, the land purchase and development loan guarantee program, is limited to loan guarantees for private developers. Amendment of this title might be considered in order to provide direct, low interest loans to State land development agencies which could be either newly established authorities or appropriate existing State agencies. Because the purpose of the loan is to acquire land destined to become more valuable, the rate of interest should be low enough to provide tangible assistance to the States and it should be appreciably below the market rate for other State borrowing. The loan's duration should be long enough to allow a reasonable holding period until development is started. In the special case of large-scale urban and new community development, the need to hold land for an initial period prior to sale and development might be recognized and provision for the postponement of interest and principal for a specified number of years or until a specified proportion of the land was sold might be included. Such action would acknowledge that a land acquisition program for urban development in the long run could become self-supporting, but to be fully effective it would require large initial investments.

The lack of previous experience with a loan program of the type described indicates that the enabling legislation should bear an expiration date of five to seven years so that Congress and the Executive Branch will have an opportunity to assess its effectiveness. It is further suggested that to assist in such an assessment the Secretary of Treasury annually estimate the net outlay for the program by calculating the difference between the cost of borrowing by the Federal Government and the low interest rate charged State agencies to whom loans are made. Such information should appear as an exhibit in the President's Annual Budget.

The provision of standards adequate to assure that the Federal grants or loans would result in improved land use is of particular significance. Certainly the land acquisition should be consistent with State urbanization plans. Additional standards for the projects to be developed on the land, however, would also be needed. It is suggested that such guidelines should require eligible projects to provide low-income housing in proportion to the number of low-income families in the State or metropolitan area where the project is located. Other standards might include the requirement of adequate open space; effective local planning and associated land-use controls in the areas affected; and adequate land suitable for balanced development.

The earmarking of public funds for investment in land to be developed in conformance with national and State urbanization policies would help to assure the creation of a physical environment in which existing public commitments to human resource development have the greatest chance of success.

10. Direct Federal involvement in large-scale urban development

Direct Federal involvement in large-scale urban development could be achieved in a number of ways. One would be to create a mixed, public-private land development corporation chartered by Congress with capitalization in the form of capital stock carrying voting rights and eligibility for dividends. Substantial private stock participation with accompanying voting rights could be provided, but with majority control remaining with the Federal Goverment. Such a corporation could acquire land by purchase, transfer, or donation for large-scale urban and new community development. It could be empowered to undertake site preparation and improvement and to sell or lease land to public agencies and private developers.

Another approach would involve creation by Congress of a national urban development agency or authorizing the Department of Housing and Urban Development to acquire, hold, improve, and dispose of land for urban development. Such an agency or HUD could also be authorized to undertake large-scale urban and new community projects in conformance with a national urbanization policy. Land would be acquired for urban development by purchase, transfer of federally owned lands, or by donation. The land, improved or unimproved, or rights to it, would be sold or leased to State land development agencies and to private developers. The agency or HUD might also be empowered to construct or contract for the construction of public facilities; retail, commercial and industrial buildings; and apartments, townhouses, and other multi-family and individual family houses.

Under the first approach, a publicly chartered, private participation land development corporation would provide an institutional arrangement for combining public and private financial resources, initiative, and talents in major urban and new community land development projects. The combined government and private corporate structure has been suggested because of the large initial investments required to assemble and improve land and the overriding public interest in the future course of urban development in America. It is assumed that the continued rate of urbanization and the appreciation in value of land developed for urban growth hold promise of a return on investment sufficiently attractive to interest large investors. This opportunity should be particularly appealing to certain large corporate investors who now are entering the urban development field, but who are not large enough to finance an entire project on their own.

Because of the broad public interest in urban development and land use and because of the public investment, majority control in the proposed mixed corporation would remain with the Federal government. This could be accomplished by a number of means. Government share ownership and its concomitant voting strength might be kept at more than 50 percent. The method of choosing the chairman of the board of directors might also be influential. The chairman of the board could be a public official designated ex officio in the chartering legislation, or he could be selected by the board but with the stipulation that he a government representative.

While the corporation must be in a position to offer a reasonable prospect of dividends on stock investment, it might be desirable to provide that land for public purposes could be purchased from the corporation by an appropriate public agency at cost or at a stipulated markup. Land for private development could be sold at auction, at a calculated market price, at a negotiated price, or on the basis of a design competition.

It is assumed that the corporation would work closely with appropriate public agencies through the entire site identification, planning, and land acquisition and development stages. For example, it might cooperate with a State urban land development agency or with local governments in providing certain types of water, sewer and other public facilities. It might work closely with the appropriate local jurisdiction both in specific site identification to conform with the latter's planning objectives and also on the community design, master plan, and individual subdivision and site plans. The accomplishment of the corporation's planning and design objectives for an urban development project obviously would depend upon close coordination and a continuing working relationship between the corporation and the local jurisdiction, since planning and land-use and development controls would be exercised by the latter. Judicious use of covenants by the corporation could be used to preserve open space densities and architectural design features that are incorporated in the development plans.

A corporation could undertake land assembly and improvement for a new community. It could also undertake land assembly and improvement for a multi-purpose town center or industrial park project. Finally, and in a like fashion, it would be able to participate in large-scale urban development within incorporated municipalities (new-towns-in-town) or on the periphery of cities that are expanding.

The other approach would entail a more direct Federal involvement in urban land development and inauguration of a national effort to extend the urban renewal principle to new urban development. An appropriate new or existing Federal agency would be authorized to purchase and assemble land for urban development. The agency could use Federal financial resources to acquire strategically located land and assure its availability for sound urban development. It would be able to buy land for expansion of existing cities, for development of new communities, and for rebuilding within cities. This approach then would be a Federal counterpart to, but extension of, the existing local urban renewal programs for redeveloping blighted areas—including, however, vacant land for new development. The Federal agency could sell improved or unimproved land directly to private developers. But, to the extent possible, it would make land available to State land development or other appropriate agencies.

Since the urban development agency would be acquiring land which would subsequently be developed and at least part of which would be sold to private developers, a portion of the operating costs of the agency would be self-liquidating through a revolving fund. However, there might well be a net loss involved in the land used for public purposes, so periodic appropriations might be necessary.

Development on land assembled and improved by the Federal agency would be undertaken by private enterprise. The usual sequence of public and private efforts would be reversed, however—public land uses, public facilities, sewers, roads, public buildings, and mass transportation stations and facilities could precede and accompany private development, rather than follow it. Public initiative in planning and directing the course and components of urban growth would thereby be increased and wasteful uses of our most valuable land resources could be discouraged. Adequate provision and opportunities for a wide variety of social, occupational, and income groups could also be fostered.

The Federal agency additionally could be empowered to undertake on its own large-scale urban and new community development projects. It might supplement private efforts with a limited number of its own projects. It could acquire land by negotiated purchase or by transfer or purchase of Federal surplus lands. It could initially develop several new community sites on strategically located Federal surplus lands including, for example, some of the Bureau of Land Management holdings now being reclassified for urban use. It also could undertake large-scale urban developments on purchased open land, on land adjoining cities, or on a combination of open and cleared land within the borders of existing cities—establishing new-towns-in-town. Finally, the agency might develop surplus Federal lands within cities—lands which are being inventoried pursuant to an executive order of the President. The availability of such lands would reduce substantially the total cost of preparing them for urban uses, making it possible to give more emphasis to recreational, park, and other public open space.

The agency could contract for water, sewers, streets, site development and other land development measures for public facilities and low-income housing. Initial planning, building and housing codes, zoning, subdivision control, and other land-use controls could either be exercised directly by the agency or existing controls within the local jurisdiction could be certified as meeting adequate standards.

ii. *Financial Assistance and Incentives for New Community Development.* An opportunity to combine more completely the advantages of large-scale urban development with other objectives of urbanization policy is provided by balanced, diversified new communities. If such new communities consist of relatively large areas (at least 1,000 to 1,500 acres); under a single or unified ownership and management; with a projected population of at least 15,000 to 20,000 people of varying social, economic, and ethnic backgrounds; and if they are designed to provide employment, social, cultural, and recreational features either within their borders or easily accessible to them; they provide an unparalleled opportunity to influence the patterns of urban development. By combining large enough areas under single management or ownership, they greatly facilitate the realization of many of the planning and design goals of all large-scale development.

New communities provide a striking opportunity to counteract the ill-effects of sprawl. They afford a chance to break away from conventional developmental thinking and to try new arrangements. They encourage new and greater flexibility in building construction, and land-use regulations. They hold promise of a market large enough to permit technological innovations which, in turn, encourages investment by industry. They clearly facilitate the introduction of community-wide education, health, transportation and other public service functions. They permit the development of governmental arrangements that can foster a sound growth pattern—a pattern that relates harmoniously to surrounding developments. They give the chance of providing a wide and balanced range of housing for a diversified population. Finally, they can provide varying employment opportunities in service industries, manufacturing, and research and development firms.

New communities present a dramatic opportunity to demonstrate contrasting kinds of urban environment which can serve as models of what can be done to upgrade the life and living styles of urban residents. In this role, they can be significant, even if they are few in number. Moreover, the enterprise of developing an entire new community focuses public attention in a way that a series of separate and often unrelated development decisions cannot.

Experience in Great Britain and other European countries illustrates what can be achieved with a major commitment to a new towns policy. Employment opportunities along with housing, recreational, cultural, and commercial facilities have been provided within the borders of independent new towns. While our institutions, traditions, and preferences will dictate an approach reflecting our needs, this foreign experience with new towns does illustrate what can be accomplished.

A number of major problems associated with new community development, however, must be overcome if they are to succeed. The large initial investment in land, land improvement, and the necessary amenities are so large and involve such heavy and extended carrying charges that the developer's freedom to engage in design and social innovation, in effect, is circumscribed. Another hurdle is the need for early governmental decisions regarding planning, land-use control, and development of public facilities and services to protect the public's and the developer's interest in the project. Furthermore, the effort to realize the advantages of relatively self-contained, large-scale development cannot be allowed to result in a separatism which thwarts areawide government and goals producing a "hothouse" haven from broader areawide program and finance demands. Finally, the end product must be attractive enough to draw varied and diverse residents and industries to it.

The potential of balanced, diversified new communities in the United States can provide the means for demonstrating preferable kinds of urban environment, for demonstrating that such environments can be produced throughout the Nation—not solely in the concentrated metropolitan areas, and for demonstrating that sprawl is not an inevitable by-product of our urban society.

A number of objections to a broad policy of preferential governmental assistance for new community developers can be raised, however, including:

- New community developers should be placed on the same footing as any other large-scale developer, given the fuzzy attempts to differentiate between them.
- The aesthetic and innovative design claims made for new communities may or may not be desirable; but the real issue here is that no government should engage directly or indirectly in subsidizing preferentially the personal developmental predilections of private builders.
- New community development, if given vigorous governmental support, could well lead to further fragmentation of local government.
- The record to date with regard to new community development raises serious doubts concerning the quasi-authoritarian role that the developer and his consultants inevitably must assume during the initial stages of the project; governmental policy should do nothing then to enhance this role.
- What few attitudinal surveys there are on the subject indicate that new community residents—like most conventional subdivision residents—prefer an homogeneous socio-economic community.

- The basic issue before us is more homes for more Americans, and the record to date indicates that the conventional builders and the conventional subdivision development are what most Americans prefer.

On the basis of experience to date and assuming an economic environment not drastically different from that prevailing in the past two decades, the Commission concludes that the establishment of large new planned communities with a balanced composition[11] *is not economically feasible without significant governmental subsidy. This infeasibility stems from the investment costs resulting from the long period required for land assembly and improvement, and construction of utilities before revenue from the sale of sites or structures is sufficient to provide a net profit.* A governmental subsidy for new communities is justified only in those instances where proposed projects will accommodate their pro rata share of low income housing.

A number of institutional arrangements which could serve to foster and facilitate new community development by assembling and improving land for urban uses have already been presented. Methods were also advanced for removing some of the land use and development regulation strictures and impediments to large-scale development and for facilitating their use as a positive encouragement not merely a regulatory device. Incentives to encourage individuals and industries to locate in new communities when they meet the criteria of a rural growth center have been discussed.

Chapter IV identified a large number of existing urban development grant, loan, and other assistance programs that have direct application for new communities. If a decision is made by a State or locality to pursue a new community development program vigorously, a combination of programs and procedures already at hand, coupled with those discussed in this report, would allow significant encouragement and assistance to private developers and investors seeking to enter this field.

State urban development plans related to a national urbanization policy, for example, could identify appropriate general sites for new community development through use of planning techniques and application of market analysis approaches. The background analysis and statistics would be available for a developer contemplating a new community. More detailed site identification and additional analysis would be incorporated into local areawide plans. The State land development agency or other appropriate authority could acquire land and make it available either by competitive bid or negotiated purchase at reasonable market rates as it was needed for development, thus relieving the developer of the risk of inflated land prices and of heavy carrying costs. Local jurisdictions or a State urban land development agency or authority would be in a position to install water and sewer lines and roads.

Local public agencies, of course, would be eligible for various urban development grant programs from both the Federal and State governments to aid in financing the facilities. State and local governments can locate public facilities, such as hospitals, airports, educational institutions, and public office buildings in new communities and Federal and State grant and other assistance is available to aid in their construction. Using the planning and land use and development controls described elsewhere in this report local jurisdictions could work closely with developers in applying innovative and efficient design approaches allowing mixed housing types and mixed uses while maintaining desirable density, open space, and other features—and all without the rigid constraints of existing zoning and subdivision control procedures. Such aids and assistance represent a substantial range of approaches and techniques to facilitate the implementation of an intergovernmental urbanization policy for expanding existing cities and creating new communities through combined public and private efforts.

For effective implementation of major urban development and new community policy, however, additional financial assistance and incentives would be necessary, particularly in connection with the acquisition and development of large tracts of land. Private new community builders, as we have emphasized, have found that the high initial land acquisition and development costs and the resulting carrying costs constitute one of the major factors constraining their implementation of a total concept for a balanced and diversified new community. Usually high site selection, market analysis, and long-range planning and design costs are also associated with developing a whole new community. One major effect of such restraints has been to confine new community development almost exclusively to middle income housing and above, increasingly undertaken by large corporations with broad financial resources. However, it can be strongly argued that private developers should be in a position to undertake major responsibility for initiation and development of new communities which incorporate a complete range of housing types with price levels for residents with varying incomes.

11. Federal assistance for new community development—Federal low interest loans and tax incentives—under certain conditions

The present Title X, Land Purchase and Development Program, of the National Housing Act could be expanded to: (a) permit direct low interest loans to private developers of new communities; (b) increase the total mortgage guarantee for any one project from $25 million; and (c) provide additional standards and guidelines for the planning and development of eligible new community projects to assure conformance to and furtherance of a national urbanization policy.

A second approach to encouraging private developers to participate in new community projects meeting required standards and guidelines would involve amendment of the Internal Revenue Code to provide the developer with the option of a more generous depreciation allowance, or a longer period (more than the present five years) in which his losses may be carried over, or both.

The standards and guidelines under either approach must include the requirement that eligible projects provide low-income housing in the same proportion to total project housing in the new community development as the proportion that low-income families bear to total State or metropolitan population. Without such requirements, any governmental subsidy to new community developments—other than mortgage insurance—is completely unjustified.

The Secretary of Treasury should estimate the net cost to the Government of the low-interest loans and tax benefits and this amount should be included for informational purposes in the President's budget. Finally, the enabling legislation should bear an expiration date of a few (e.g., 5–7) years in the future so that the Congress and the Executive Branch could assess costs and benefits of the subsidized loan and tax benefit approach.

Title X of the National Housing Act is the only Federal legislation dealing directly with new communities as such. It authorizes the insurance of mortgages to finance the purchase of raw land and its development as improved building sites by private developers. The maximum mortgage amount for any one land undertaking is $25 million. The loan can constitute either 75 percent of the FHA estimated value of the developed land or 50 percent of the estimated land value before development and 90 percent of estimated development costs, whichever is less. The maximum repayment period is seven years or in the case of privately owned water and sewage systems such longer period as FHA deems reasonable. If the development qualifies as a new community on the basis of a specific finding by the Secretary of Housing and Urban Development to the effect that it will contribute substantially to the surrounding economic growth of its area, the period of the guaranteed mortgage can run longer than seven years.

In any case, the development must be characterized by sound land use patterns and be consistent with a comprehensive plan or planning for the area in which the land is situated. It must include or be served by such shopping, school, recreational, transportation, and other facilities FHA deems adequate and necessary. To qualify as a new community, the project also must provide substantial economies made possible through large-scale development and have adequate housing for those who would be employed in the community or the surrounding area. Finally, it must provide maximum accessibility to employment centers; to commercial, recreational, and cultural facilities; and to any major central city in the area.

To realize its full potential in assisting large-scale, urban and new community development, this program might be expanded to provide direct loans to private developers. New communities are risky ventures at best. For this reason it is difficult to obtain conventional financing to get them started. A mortgage guarantee program, while helpful, might well be inadequate to attract sufficient funds at an interest rate the developer could afford to pay. There are, in addition, problems of keeping the administrative mechanism of a loan guarantee program abreast of the developments in a volatile money market. For all these reasons a direct Federal low interest loan program could be more adaptable to the needs of the new community developer. Based on experience in several of the larger new communities, the $25 million upper limit for a single project is unrealistically low. For example, the total initial land and development cost for Westlake Village, a 12,000 acre new community in California, was $42,000,000 and the comparable cost for Columbia, Maryland, was $48,500,000 and for Laguna Niguel, California, it was $29,000,000.

The bill for the Housing and Urban Development Act of 1968 in Title IV, referred to as the New Communities Act of 1968, introduces a new type of credit guarantee for private developers—the cash flow debenture. In guaranteeing the bonds, debentures, notes, and other obligations issued by new community developers, the Secretary of Housing and Urban Development could take into account the large initial capital investment required, the extended period before initial returns can be expected, and the irregular pattern of such cash returns, and administer the program to reflect these particular characteristics. The upper limit for outstanding principal obligations guaranteed for a single new community development would be $50 million. Requirements which must be met by a project to be eligible include a plan and time schedule for financing the land acquisition and development costs and a comprehensive internal development plan that provides a proper balance of housing for families of low- and moderate-income and provides satisfactory supporting facilities for future residents.

The second approach—a tax incentive that allows the new community developer a longer loss carry-over period—can also be a significant inducement to embarking on the enterprise. Currently, the developer can use the five year operating loss carry-over provision of the Internal Revenue Code to wipe out the red ink during the lean early years against the black ink of later years. This may not be long enough, however, for this type of slow maturing business.

The period between initial investment and the return of profits from a complete new community development frequently extends over several years. Any unforeseeable lengthening of this unprofitable stage can result in failure of the project or a serious compromising of its original design concepts. Frequently, only the largest corporations with access to large financial reserves can weather this stormy period—a circumstance that restricts participation in new community development projects. An extension of the loss carry-over period in the specific case of new community development would acknowledge that an averaging mechanism applicable to business generally must be adapted to meet the exigencies of a slowly maturing venture imbued with somewhat more than the normal content of public interest.

Large and medium-size corporations could be interested in participation in such development if the Internal Revenue Code were amended to allow them more generous capital recovery allowances (depreciation charges). While corporations engaged in diversified activities have the opportunity to offset unprofitable operations in one line against profits in another, they may be reluctant to jeopardize their market position and the value of their stock by absorbing the initial business losses that can be expected while the investment in new community development matures. More generous capital recovery allowances could tip the balance in favor of the new community investment decision.

Tax incentives for new community development to be effective then must consist of both a lengthened loss carry-over period and more generous depreciation allowances, either of which could be exercised at the option of the new community developer in accordance with his managerial judgment. Yet, care must be taken to assure that public objectives are actually accomplished and that the incentives are used in such a way that they do not cancel one another out. They must be made available selectively and only to promote a national urbanization policy.

Under the loss carry-over option, the Federal Government would forgo revenue it would otherwise collect. More generous depreciation allowances, however, mean less revenue in the near term but no loss in revenue over the long run. In order for Congress and the President to evaluate the efficacy of the proposed options a reasonably accurate estimate of their revenue effect must be available. For this reason, the Secretary of the Treasury should estimate annually the dollar amount of tax benefits.

The question of standards adequate to assure that public loan guarantees and tax incentives would be justified is a difficult one. Certainly the projects should be consistent with comprehensive plans for the area in which they are located, be characterized by sound land-use patterns and include adequate retail, school, recreational, transportation and other facilities as presently required by the act.

Additional standards should include the provision of housing to meet the needs of families with varying income levels on a non-discriminatory basis. Other standards might include adequate open space, provision for effective planning and land-use and development controls, and site selection reflecting availability of sufficient land suitable for development for projected population trends and for the economic components required to sustain the community.

The public should have ample assurance that the tax incentives and loan program would not become a continuing drain on the public purse unless they prove effective. Accordingly, under either approach the legislation should provide that after a five to seven year test period, Congress and the Administration assess the program's effectiveness and determine whether or not it should be renewed.

12. Enactment by Congress of legislation providing for experimental new community building on federally-owned lands

As an alternative to a more broad-gauge Federal involvement in large-scale urban development, the Department of Housing and Urban Development could be authorized to undertake an experimental new community building program on federally owned lands. Such authorization could include the power to construct or contract for the construction of public works and facilities; retail, commercial, and industrial buildings; and apartments, townhouses, and other multi-family and individual family houses.

If the broader approaches outlined in item ten above prove unfeasible, a more modest proposal may well merit consideration. The building of experimental new communities by the Department of Housing and Urban Development on available public lands would provide a good opportunity to produce significant standard setting models. They could serve to attract the national attention and support required to sustain the development of a national urbanization policy. By using available Federal lands for such a national purpose, one of the major problems of new community development, that of land assembly, would be overcome. Moreover, maximum innovation would be available in the application of building, housing, land-use and other development controls. The development of new technological and design approaches also could be encouraged. In short, this proposal would provide an excellent opportunity to develop true new towns, and in some cases new-towns-in-town.

Earlier experience with Federal building of new towns could be drawn on and their lessons profited from. The Greenbelt community experience, in particular, should be reassessed and the government's failure to provide an adequate economic base and a carefully planned transfer of governmental jurisdiction to appropriate local authorities should be noted.

Two current programs make this recommendation particularly timely. The studies of the Public Land Law Review Commission and the related Classification and Multiple Use Act provide the instruments for identifying potential Federal lands for this purpose and making them available. The recent Presidential directive to identify Federal surplus land available for urban development within cities will result in the identification of other possible locations.

While possible sites for an experimental new community development would obviously not be limited to public lands administered by the Bureau of Land Management, the provisions of the Classification and Multiple Use Act (P.L. 88–607) coupled with the studies of the Public Land Law Review Commission no doubt will serve to stimulate interest in lands available for urban development. The act authorizes the Secretary of the Interior to determine which of the public lands administered by the Bureau of Land Management are required for orderly growth and development of a community or are chiefly valuable for residential, commercial, agricultural, industrial, or public uses or development. At present, priority is being given to the identification of lands that are contiguous to, or near, existing urban areas for possible development or annexation. Nonetheless, tracts not contiguous to existing centers and therefore suitable for independent new community developments are also being identified. The Public Land Law Review Commission has undertaken several studies which include among their objectives the review of laws and policies relating to Federal highway, airport, and demonstration cities programs and public lands, particularly in their implications for fostering new communities.

In a recent memorandum, the President instructed a Cabinet level task force to identify Federal surplus land sites in other cities similar to the National Training School site in the District of Columbia and study their feasibility for new-town-in-town developments.

The components of a national policy dealing with urban growth should be complementary to and guide State policies and programs. The Commission suggests a number of measures for State consideration to encourage and implement urban growth patterns consistent with national and State plans and policies.

Recommendation Five. Implementing State Policies Dealing With Urban Growth

The Commission believes that State governments have a role to play in influencing orderly urban growth. The following should be considered as useful approaches to the implementation of State policy regarding urban growth.

- **State assistance in making credit more readily available for business and industrial location in certain areas by establishing State and regional industrial credit agencies;**
- **placement of State and local procurement contracts and construction projects to foster urban growth in certain areas;**
- **assistance and guidance for urban growth through the establishment of State and State-chartered local land development agencies and State property tax deferral for new community development;**
- **State regulation of development along highways and at interchanges where no effective local control exists;**
- **giving local governments the powers necessary to deal with urban growth by providing urban counties with appropriate governmental authority and organization, by encouraging county consolidation, and by granting municipalities authority to annex territory for new community development under certain conditions;**
- **authorizing localities to adopt new and strengthened land use and development ordinances and regulations such as official map, planned unit development, and unmapped or floating zone ordinances and dedication or cash payment-in-lieu requirements for parks and school sites.**

A. INFLUENCING INDUSTRIAL LOCATION

A number of Federal incentives to encourage industries and businesses to locate in areas identified for urban development pursuant to national urbanization policy have already been discussed. The focus at this point shifts to the States, and rightfully so, since they traditionally have been most active in general industrial development programs. Yet, to be effective in furthering State and local urban development plans and policies, such programs must begin to be more selectively applied. Few, if any, States are now administering their programs in such a fashion.

1. Enactment of State legislation authorizing establishment of State and regional industrial credit facilities as means of providing additional sources of credit for desired urban development

The shortage of available funds for loans combined with an inability to carry the going interest rates in certain areas may effectively deter business and industrial firms from locating there. State industrial finance authorities, using appropriated and borrowed funds, have been used in a number of States to provide a source of borrowing to businesses and industries locating within the States. By offering loans at lower rates, they could provide an additional and less costly source of credit for businesses locating in areas whose development would further State urbanization plan objectives. The availability of loans from a State agency can serve to complement Federal loan guarantee programs and can focus more directly on State urbanization policies.

State industrial finance authorities are of two types. They may either guarantee industrial loans made by private lenders or make direct loans of State funds to industry. State authorities generally have been established to provide types of credit which private lenders avoid. They make loans directly to borrowers for special purposes or to support industrial development generally. They are generally financed either by full faith and credit borrowing or appropriations. The first program was established in 1955 in New Hampshire. By 1967 there were 15 active State industrial finance authorities and four more authorized. Maine and Rhode Island, however, account for about 90 percent of the dollar volume of loans guaranteed.

The initial New Hampshire legislation also authorized a direct loan program and by the end of 1963 there were nine additional active State programs and 14 authorized. Some of the direct loan programs are limited to joint lending with the Economic Development Administration, while the others are not so restricted. Most of the direct loans go to manufacturing firms.

Public guarantee and direct loan programs utilize the financing authority of State governments to provide credit at lower interest rates than industry ordinarily can obtain from private sources. Since the State's credit stands behind such financing, the risk to investors is minimized.

This type of financing could facilitate the location of industry in surplus labor urban neighborhoods and in rural growth areas, where private capital is hesitant to invest. It is particularly attractive to smaller enterprises which are the most likely candidates for the surplus labor areas.

Since surplus labor areas often encompass interstate areas, it would be advantageous in some instances to combine State industrial financing capabilities through appropriate pooling arrangements within the structure of an interstate compact or other type of interstate agreement.

2. Enactment of State legislation to authorize preference under specified conditions, in the award of public contracts

To further their urbanization policies, States can adopt legislation allowing a credit or other appropriate preference in bids received for public contracts from areas to which, according to legislatively specified criteria, it is desirable to attract economic activity.

States can use their public purchasing as an incentive in achieving a pattern of urbanization within their borders conforming to their State urbanization policies. If a State decides to follow such a policy, then legislative criteria for determining eligible areas would need to be consistent with the State urban development plan, since they would have to be based on the kind of data and studies that go into making such a plan. The purchasing policy thus would become a tool for implementing the State plan.

A specific legislative standard also would be needed in order to avoid possible challenge on the grounds of unconstitutional delegation of powers. The legislative criteria, in essence, should indicate in which areas population in-migration and economic growth are to be encouraged. The criteria, for example, might be those embodied in urban growth policy adopted by the legislature.

Successful implementation of a preferential purchasing policy would require aggressive administration, not only by State purchasing officials but also by the State industrial or economic development agency, if one exists. The purchasing agents would have to pursue a positive policy of soliciting bids from the desirable growth areas. The development agency's role would be to seek out and encourage potential bidders in such areas to take advantage of their preferential position.

3. Establishment of State policies for locating public buildings, activities, and facilities in furtherance of States urbanization plans

This approach is the State counterpart of one already presented for consideration at the Federal level. As part of an overall program of commitment to a State urban development plan, the placement of public projects can be instrumental in fostering development in conformance with the plan.

Urban renewal and new-town-in-town projects can be developed around a nucleus of a government center, civic buildings, educational parks, universities, hospitals, public housing, public transit facilities, and other public projects. Such projects can be joint efforts of Federal, State, and local governments—hence large enough to affect significantly the course and nature of urban growth in the State.

B. LARGE-SCALE URBAN AND NEW COMMUNITY DEVELOPMENT

i. ***Large-Scale Urban Development.*** The States have a significant role to play in planning for and assisting in new large-scale urban and new community development. Possible actions are presented below for the consideration of Governors and State legislative bodies as policies are formulated for implementing the States urbanization plan.

4. Enactment of State legislation to provide for chartering State and local land development agencies

The establishment of State land development agencies empowered to undertake large-scale urban and new community land purchase, assembly, and improvement would provide a major method of implementing State and local urban growth policies. Specifically, such agencies could: (1) acquire land by negotiation and through the exercise of eminent domain; (2) arrange for site development and construct or contract for the construction of utilities, streets, and other related improvements; (3) hold land for later use; (4) sell, lease, or otherwise dispose of land or rights thereto to private developers or public agencies; and (5) charter local or regional land development agencies. All such powers should be exercised in accordance with, and in furtherance of, the State's urbanization plan.

The establishment of State land development agencies would provide a sound method of acquiring land for future public and urban development uses—thus promoting a more orderly, efficient, and well-planned pattern of growth. It would help preserve for the public good some of the appreciation in value of one of the nation's primary resources. The present pattern of planning and land-use development controls, widely dispersed as they are among numerous jurisdictions and private developers, has been inadequate to cope with pressures placed on land in rapidly urbanizing areas. Moreover these existing controls are basically designed to deal with problems in already built-up areas or problems created by gradual growth and accretion. They have not produced satisfactory results under the extreme pressures of recent rapid urbanization.

The Commission in this report has discussed a number of ways to equip governments and private enterprise for the monumental task of accommodating future urban growth. One approach receiving increasing attention is State acquisition, development, "holding", and disposition of land around the fringes of urban growth areas and at more remote key points in anticipation of future growth. Such efforts would be undertaken in accordance with and to implement a State's urbanization plan.

Sufficient administrative discretion—in addition to the powers cited—should be assigned to the proposed State land development agency, so that specific arrangements can reflect the varying needs and objectives of different areas over extended periods of time. By providing adequate sources of financing coupled with authority to acquire land, and hold, improve, and sell it for public or private purposes, the agency could become the basic instrument for marshalling available public resources from all levels of government and relating them to one another and to private development efforts. The ultimate powers of such agencies then should be clearly defined and limited, but they should allow some flexibility in choosing among various alternatives so that the widest possible range of local government and private participation can be encouraged. The land development agencies should be empowered, for example, to assume responsibility for project planning and design; land assembly and improvement; provision of public improvements such as sewer and water lines and roads; preservation of parks, recreation areas, and open spaces; disposition of land to appropriate public agencies; and lease or sale of land or development rights to private developers for residential housing, shopping centers, commercial buildings and industrial parks. They could also negotiate and cooperate in various forms of participation by chartered local land development agencies, regional agencies and other local governments, and private developers. Where desirable, they should be able to negotiate directly with large developers or combinations of developers, at an early stage, for purchase of unimproved as well as improved land and to cooperate with local governments which can assume responsibility for some of the land improvement and development.

Differing arrangements obviously would be appropriate at different times and in different areas. Where, for example, a strong urban county government exists, primary authority for planning and developing a project might well be exercised by the county in an overseeing role. Such a county also could exercise a range of planning, zoning, and land-use controls and provide appropriate facilities and services using the financial resources available from Federal grant and loan programs, the State urban land development corporation, and the county itself.

Alternatively, an areawide planning and development agency with sufficient powers could assume primary local responsibility. In still another situation, where a rural area lacked a strong county government or an areawide agency prepared to provide urban services, the State land development agency might assume more direct responsibility for land acquisition and for the other planning, improvement, and land development functions.

In its holding role, the State agency, in effect, could acquire strategically located land and retain it in a "land bank" for future public or private development in accordance with the State's urbanization policy. In still another role, the State agency might work with existing municipalities in developing areas destined for ultimate annexation or in new-town-in-town developments within the borders of municipalities. In order to avoid eroding the local property tax base during the holding period, States should provide for appropriate in-lieu payments to reimburse localities for lost revenue.

The agencies' operations could be financed, as appropriate, through direct appropriations, charges and rents, grants, sales of land, and borrowing, if authorized. Borrowing authority could be granted on a revenue basis in anticipation of land sales and rents. Revenue from land sales and rent could provide a major source of income and a significant part of the operations of State land development agencies could be on a revolving fund basis after an initial appropriation of working capital, supplemented only as needed by subsequent direct appropriations or borrowing.

The exercise of land purchase and eminent domain powers could face legal barriers in some States. Yet, it is already clearly accepted in virtually all of the States that, where land acquisition through purchase or eminent domain involves clearing of blighted land for subsequent sale to private developers, it is a public use and a permissible exercise of public authority. Moreover, it is also accepted in nearly all of the States and in Federal urban renewal legislation that public acquisition may also include " . . . land which is predominantly open and which because of obsolete planning, diversity of ownership, deterioration of structures, or site improvements, or otherwise, substantially impairs or arrests the sound growth of the community." These legal precedents in urban renewal provide a basis for a policy which asserts that planned urban development of vacant land to avoid subsequent blight and deterioration is as justified a public objective as the removal of blight and deterioration after it has occurred.

Historically, there are a number of accepted precedents for the taking of open land for subsequent private uses which appear to be no more compelling than the objective of attaining a desirable pattern of urban growth which incorporates the best possible current design and practices and which seeks to avoid future deterioration. Earlier examples involve a number of instances that were justified by a showing of a compelling economic need. These included condemnation for irrigation canals in the West, the mill acts in the East permitting the erection of a mill dam and the consequent flooding of another's land, the construction of private logging roads, altering watercourses to assist in private development of natural resources, and even the direct delegation of eminent domain powers to some public utilities for the locations of lines and facilities.

Several State courts have already accepted the broader view that the type of public use necessary to justify the exercise of eminent domain powers extends not only to "use by the public" but also to "use for the public advantage" or "public benefit." According to this dictum, anything that "leads to the growth of towns and the creation of new resources for the employment of capital and labor, manifestly contributes to the general welfare and prosperity of the whole community" and is encompassed by the concept of public use.[15]

Particular care should be taken in drafting State legislation authorizing the exercise of eminent domain powers by land development agencies to include a clear and definite finding by the legislature that the acquisition of land for future development to assure the best possible use of a natural resource is a public purpose. Courts increasingly defer to legislative findings of public purpose. Such a finding, of course, would be substantially buttressed by the presence of State urbanization policy identifying certain patterns of development as being in the public interest.

ii. *New Community Development.* Many State programs of assistance to local governments are or could be made available for new community development. A number of examples of such programs were discussed in a previous chapter. In addition, States should consider removing from their constitutions and statutes those impediments which foreclose or limit the availability of local assistance programs to such new communities.

5. Provision of State property tax deferral for new community development

The adoption of State legislation to temporarily reimburse developers for local taxes they pay on property in a new community would ease the financial strain on private developers during the early stages of new community development without undermining the local tax base.

Such reimbursement should be conditioned on certification by the State agency administering the State urbanization plan to the appropriate State fiscal department that the new community meets the standards of the plan. Among such standards, there should be the requirement that eligible developers provide low-income housing in the same proportion to total projected housing in the new community development as the proportion that low-income families bear to total

State or metropolitan population. Further, the reimbursement should constitute a deferred liability of the taxpayer to the State recoverable from him without interest when the property is sold, but no later than the expiration of the deferment period prescribed by the legislature.

One of the larger, unavoidable, out-of-pocket costs to new community developers is the local property tax. Yet, outright exemption of such property from local levies could severely strain local budgets at a time when local government is experiencing the greatest pressure to expand services and capital outlays. States with their larger fiscal capability can and should assume a role here pursuant to their balanced urbanization policies.

State reimbursement of local property taxes during the initial development would alleviate a significant and often critical financial burden on the new community developer and encourage completion of the project in accordance with originally scheduled high standards. As the developer's investment begins to pay off through sales of property and appreciation in values, the State can recoup its reimbursement. This tax deferral benefit obviously should be made available selectively and only to promote the State urbanization plan. With this focus, tax deferral could be made an effective yet inexpensive lever to promote the public interest while aiding private initiative. In an effort to preserve open space and facilitate assembly of large tracts of land for development, a number of States accord farmland special treatment for assessment purposes. This policy provides developers and those engaged in farming for livelihood equal privileges. Compared to this approach, tax deferral as proposed here is much to be preferred.

It should be emphasized that there is no inconsistency between giving a new community developer an extension of his loss carry-over period as discussed earlier in connection with Recommendation Number Four and deferring his property tax payments as here described. There is no "double-dip" in the accounting sense—the developer accounts for his property tax liabilities on a cash or accrual basis just as he normally would. Tax deferral simply changes the timing of the actual cash outlay to conform better with the developers cash flow position.

In its previous reports, this Commission has noted repeatedly the lack of State involvement in urban affairs and the tendency of States to *react* rather than *act* on the vital public issues in urban development. The Commission here points to a specific instance where States can channel urban development to specific locations identified for growth in accordance with a State plan. Short of a real investment, States can hardly expect more than grudging compliance with their urbanization program. This approach then has a character akin to earnest money to carry out a contract between the State, the private developer, local government, and even the Federal government where it offers incentives for a new community development.

C. OTHER INTERGOVERNMENTAL MEASURES FOR MORE ORDERLY URBAN DEVELOPMENT

For national and State urban growth policies to succeed, local governmental institutions must be capable of guiding, supervising and directing urban growth and providing adequate services and facilities, both in existing built-up areas and in emerging new urban growth centers. Large metropolitan areas must develop institutional arrangements which can govern and revitalize the densely populated central cities and suburbs, yet control the inevitable new growth in the remaining unoccupied and cleared land as well as in areas around the periphery. The smaller urban centers, small towns, and rural counties must prepare themselves to deal with an intensity and pace of urban growth which many have not faced before.

In terms of their role in guiding urban growth, local governments must be equipped with new and sharper tools to exercise more initiative in urban land-use planning and regulation. Steps must also be taken to develop effective operating relationships among the various elements of the planning and land-use control process as well as among the units and levels of government involved. Too frequently, separate elements are independently administered and enforced.

The Advisory Commission has made numerous recommendations in earlier reports to make local government more capable of providing services, controlling urban growth, achieving effective and better coordinated planning and land-use control as well as regulation.[16] The new approaches described in this section should be considered against the background of these earlier Commission proposals, a description of which follows.

Strengthening Local Government. The most overriding fact for local governments today is that the forces of urbanization do not respect municipal, town, or county boundaries. The consequences for local governments in urban and urbanizing areas are plain: municipalities acting alone cannot provide adequate services and guide effectively the economic and social forces of urban growth. The evidence is everywhere: air and water contaminants produced in one community befoul neighboring jurisdictions; traffic generated in the suburbs is dumped into the central city; location of a new highway in the suburbs draws business and industry away from the older, congested central city; housing and employment policies in one part of the area complicate the social problems in others; and so on. In short, urban growth generates a greater interdependence which governmental jurisdictions—acting in isolation—cannot effectively deal with.

The Commission has concluded from its previous studies that States should make available, and public officials and citizens at the local level should use, one or more institutional arrangements that permit dealing with areawide forces on an areawide scale. It has recommended State authorization for:

- areawide planning bodies, to enable establishment of a framework to guide public decisions that inevitably overleap municipal boundaries;
- metropolitan functional authorities, administering such functions of an areawide nature as are approved by the voters (which could include urban development and new community projects);
- transfers of functions between cities and counties when approved by the governing bodies of both;
- multi-purpose regional planning and development agencies in nonmetropolitan areas to undertake physical, economic, and human resource programs over multi-county areas;
- cooperation among local units through interlocal contracts and joint agreements;
- liberalization of State annexation legislation to allow cities to initiate annexation proceedings and take away from residents of outside areas the power of absolute veto of those proceedings; and
- exercise of extraterritorial control of planning, zoning, and subdivision regulation by municipalities where such county controls do not exist.

Recognizing the need for a continuing institutional framework within which local officials can come together, discuss common problems, and cooperate in attempting to solve them, the Commission has endorsed the use of voluntary metropolitan councils of governments. In the belief that residents of metropolitan areas may benefit from a formal mechanism and procedure for examination of their intergovernmental problems, it has recommended legislation authorizing creation of metropolitan study commissions with power to propose measures to the legislature or the voters for reorganizing existing institutional arrangements.

The Commission has also urged adoption of measures to forestall further proliferation of governments in urban areas. It has proposed stricter State standards for new incorporations within these areas, and has recommended local review agencies to supervise the formation, consolidation and dissolution of special purpose districts. Further, the Commission has proposed that a State agency be authorized, subject to public hearing and court review, to consolidate or dissolve local governmental units within metropolitan areas, to stop the use of interlocal contracts that foster fragmentation, and to reduce State aid to local governments not meeting statutory standards of economic, geographic, and political viability.

The foregoing measures are designed primarily to enable government at the local level to cope with areawide problems and make it generally more capable of meeting growing public needs. Another dimension of government in metropolitan areas and, indeed, the other side of the coin, is the need to allow meaningful participation of citizens in the large cities and urban counties where the local government and administration often appears remote and impersonal. In its recent report on ***Fiscal Balance in the American Federal System,*** the Commission has recommended the establishment of subunits of government, representing neighborhood residents, at the discretion of general units of government. These neighborhood units could perform certain local governmental services, articulate the residents' viewpoints on broader programs, and exercise limited fiscal powers.

The Commission has proposed other steps to increase local governments' general capability, including:

- constitutional provision of residual powers, authorizing designated local units to exercise all powers not expressly denied by State legislation;
- legislative authorization of optional forms of municipal and county government;
- authorization for counties to establish special subordinate service districts within their borders to provide different levels and kinds of service to areas having varying needs;
- State action to strengthen property tax administration;
- State action to provide greater flexibility in local property taxing and borrowing powers;
- State financial and technical assistance;
- recognition of the State's responsibility for assistance to localities by establishment of State offices of local affairs or community development.

The Commission's previous proposals, in short, are rooted in the assumption that the forces of urbanization can be constructively channeled only by governmental structures and powers that are equal to the task. They recognize that new institutional arrangements are needed for planning and decision-making which involve areawide issues and problems and that the citizens and officials of urban areas should develop and use such arrangements, tailored to their own needs and desires. These Commission proposals offer a range of approaches from which individual communities can forge their own particular solutions, with the aid and encouragement of their State governments. While many are directed primarily to metropolitan areas, they are applicable to smaller and newer centers of urban growth which are also suffering the strain of "spillovers" of costs and benefits between and among individual local governments.

Some of the above alternatives for structural and functional changes have particular significance for the control of large-scale urban and new community development and they warrant further elaboration:

- State or local agencies that are charged with reviewing the proposed formation of new municipal corporations and special districts;[17] with assessing proposals for changes in local boundaries or jurisdictional status; or with ordering such changes have particular potential for dealing with the governmental problems of new communities. They can develop a body of precedents incorporating criteria for governmental organization. These criteria, developed from specific cases, could be supplemented by special studies and research done on the agencies' own initiative. Together, the criteria and studies could provide a sense of direction for governmental organization in urban areas. A recent report on California Local Agency Formation Commissions encourages them to develop county governmental plans in much the same way that county planning departments now prepare physical development plans for these jurisdictions.
- Equally important, these State or local review agencies could assume an interim "trusteeship" or "overseer" function during the development and transitional stages of new communities. Such agencies could also help to develop and approve the final status at the appropriate time. The interim guidance and control could be initiated by provision for new community development in the agencies' governmental plans referred to above. Continuing surveillance by the annexation and incorporation agency could help to assure the best arrangement for continued growth under county jurisdiction or for the best timing of incorporation or annexation. It would help avoid premature incorporation or annexation undertaken on the initiative of a small number of initial residents. Either of these can thwart the realization of the best of community plans. It has been suggested that in selected cases, immunity from incorporation or annexation might be officially acknowledged for the period of development through certification by the review agency—after presentation of the development plan, a public hearing, and an airing of objections.
- The proposal for authorizing counties to form special subordinate service districts within their borders would be particularly useful when a large-scale urban or new community development is slated to occupy a portion of a county. Forming special areas for such a development is one way of meeting their special financial needs, while avoiding the proliferation of limited purpose special districts.[18]
- New community development also stands to reap particular benefits from easing rigid and often unrealistic tax and debt limits prescribed by State constitutions or statutes. Such limits are generally expressed as a percentage of the property tax base or of current revenues or expenditures, neither of which is very large during the early stages of development when capital outlay needs for new community development are high. Relating long-term borrowing to the net interest cost of prospective bond issues,[19] and removing constitutional and statutory property tax limits or restricting them to operating levies would give local governments the greater fiscal flexibility they need to finance unusually large initial public investments in large-scale development.[20]
- The Commission's endorsement of interlocal contracts and agreements as a workable method of meeting particular areawide problems also has particular relevance for an emerging new community.[21] Using this approach, a State land development authority could contract with county governments or existing special district governments for the provision of utilities. In new communities bordering or accessible to established cities, contracts for services such as water and sewerage are also possible. Where available, they might well influence a new community's decision on whether or not to incorporate.

Mechanisms for Guiding and Regulating Urban Growth. If a national urbanization policy is to be implemented at the State and local levels, efforts must be made to bring planning efforts and development controls into closer harmony. As recently practiced, for example, zoning has balkanized our cities into districts with precise and sometimes arbitrary boundary lines. Zoning often is not related to any community plan, nor to other regulatory devices such as those mentioned above. Neither is it necessarily related to property tax assessment, which in turn, is not linked with any community plan. Moreover, community plans, zoning, and land-use regulations are not necessarily related to regional or areawide plans; yet the implementation of many elements of regional plans depends on local land-use regulation, controls, decisions, and enforcement.

Land-use and development controls then must be viewed not only as negative regulatory instruments for accomplishing public objectives, but as a positive component of public participation in influencing and giving direction to the urban growth of our nation. The major governmental determinants of urban development must also be planned and administered with this positive goal in mind—the location and the timing of public facilities, recreation and open space land, extension of water and sewer lines and facilities, and highway building.

The Advisory Commission has previously made several specific recommendations with these objectives in mind:

- An important earlier recommendation dealt with local planning and zoning actions having an areawide influence. The Commission's suggested legislation implementing the proposal provides for county or regional areawide review of the following actions taken by existing communities under a specified population level: local planning, zoning, subdivision control, and official map regulations which have an areawide impact. It also establishes direct exercise by counties or regional agencies of planning and land-use controls within newly created communities until they reach a certain population size.[22] These provisions would have obvious relevance for large-scale urban development, such as that involved in building new communities or major urban expansions.
- In addition to highways, water and sewer lines involve decisions concerning location and timing of construction that provide a strategic lever to local governments for influencing urban development. Clearly, decisions regarding construction of these improvements should be directly related to overall urban development policy.
- In a previous report, the Commission recommended that public officials in urban areas make greater efforts to increase public investment in urban water utilities, particularly for sewage treatment.[23] It further recommended that comprehensive metropolitan-wide, watershed, and drainage basin water utility planning be undertaken in each metropolitan area; that this planning integrate the provision of water and sewer services with other metropolitan functions to insure economies of scale and to promote sound overall patterns of metropolitan development; and that full use be made of water and sewage planning and development as a basic tool for directing overall urban development along desirable and orderly lines.[24] Finally, the Commission proposed legislation to endow the appropriate State and local agencies with regulatory authority over individual wells and septic tank installations with the objective of limiting their use to exceptional situations consistent with comprehensive land-use goals.[25]
- To assist in implementing these recommendations, a suggested State act was developed in cooperation with the U.S. Public Health Service. The legislation, although basically designed to deal with public health and pollution control matters and more specifically the control of individual wells and septic tanks, has much broader implications. It provides for development of areawide water supply and sewage disposal plans (which could, and perhaps should, be part of the general comprehensive areawide plans where they exist). It also makes provision for delineating areas where only communitywide systems could be used; areas where individual systems could be installed on an interim basis; and areas where such systems could be installed and used for an indefinite period. The community plans would be required to provide for the orderly expansion and extension of community water supply and sewage systems in a manner consistent with the area's needs. They would also stipulate "with all practical precision" the portions of the area within which community systems might reasonably be expected within five, ten, and more than ten years. With approval of an areawide plan by the appropriate State agency, water and sewage systems not in conformance with it would be prohibited. Because of its emphasis on timing of urban development and on relating the provision of water and sewage facilities to urban development plans, this proposal provides a major element in the "planning areas" procedure described in the previous chapter.

Against this background of previous recommendations, the Commission now submits further possible steps that States might consider in strengthening local government's capacity to achieve more orderly urban development, and in upgrading land-use and development planning and regulation.

6. Enactment of State legislation to strengthen county government by broadening powers and facilitating consolidation

In many areas counties constitute an existing unit of government with appropriate geographic jurisdiction to serve urban growth areas. In such places, States can facilitate and encourage counties to fulfill their potential as areawide urban governments. To perform as effective urban governments, however, many county governments need improved structure and added powers. To this end, the Commission has already made a number of recommendations, as noted earlier, including voluntary transfer of functions between municipalities and counties and optional forms of county government.[26] Yet counties also need additional powers that have particular relevance to regulating and assisting large scale urban and new community development. Such powers are especially critical for county governments, since they usually exercise sole governmental responsibility below the State level for the unincorporated territories where such development generally takes place.

Counties need the personnel and the organizational structure capable of dealing with public development authorities, private developers, and other corporations and agencies which may undertake new community development. They should be in a position to exercise planning, zoning, building code, land-use, subdivision regulation, and other powers associated with control of urban growth, particularly in those areas outside existing metropolitan centers which are experiencing rapid urbanization.

A modified approach to new community development depends upon the planning and development of multi-purpose town centers incorporating retail, commercial, cultural, educational and multi-family facilities as generators of and a focal point for surrounding urban development. Such an approach, which is being considered in several metropolitan areas of the country, requires active and incisive participation by local government—generally the county—which has land-use development regulatory authority. Success depends on the quality and effectivenes of planning, land-use development, and timing controls exercised over the residential areas surrounding a town center. In addition, the acquisition of open space can be used to identify the confines of a logical area of growth surrounding a town center, thus in effect outlining a potential new community.[27]

As a first step toward coordinating land-use planning, capital improvements programming, and land-use regulations, counties may wish to consider establishing planning areas which differentiate among: (1) the built-up areas, (2) the developing areas that are in process of development or appropriate for development in the near future, and (3) the rural areas that are not appropriate for development in the near future. Other new and more flexible zoning and land-use control techniques may also be used. One such device is the designation of "unmapped" or "floating" zones, which provide for varying types of uses within the planning jurisdiction—not tied to specific geographic locations. Another involves planned unit and planned community development ordinances which introduce an element of flexibility for a whole development or community design, so long as overall densities and ratios of residential to commercial and industrial uses are maintained. Finally, counties could acquire open space land for public purposes and urban development and exercise development controls along highway interchanges, access roads, and rights-of-way. These devices are discussed in more detail below.

Where the economic, social, and natural patterns of urban growth extend beyond a single county, consolidating counties may offer a feasible alternative to superimposing an addition areawide level of government. The Commission realizes that in the past there has been little inclination and even less action leading to county consolidations. Lack of progress generally is not due to lack of constitutional and legislative authorization, but to a lack of motivation and resistance to change. Opposition is formidable from political forces, fearing losses in public office and influence, and often from commercial interests afraid of losing long-established place-name identification. Yet, for those areas—particularly rural—that are beginning or about to begin to experience rapid urbanization, county consolidation might well provide the most workable areawide approach to providing urban services, since it builds on an existing governmental structure. States through the use of incentives can take positive steps to encourage counties to merge. Such incentives might include payment to merged counties of a larger State's share of the cost of State-county financed services, such as highways, education, or welfare, at least for a certain minimum period of time. This kind of bonus was authorized in Georgia to induce two or more local governments to undertake consolidation or joint administration of particular functional programs. Additional encouragement might come from State offices of local affairs or community development, where they exist, offering to assist counties with the technical and administrative problems involved in achieving consolidation. Such assistance might be helpful, for example, in working out provisions for protecting the rights of employees, which is frequently an important step to avoid the opposition of employee groups to any merger.

7. Enactment of State legislation to authorize municipalities to annex territory for new community development under certain conditions

Under this concept, municipalities would be given the authority, subject to the approval of a State or local boundary commission or other appropriate agency, to annex contiguous or noncontiguous unincorporated areas of sufficient size to be developed as new communities. In connection with such authority they could be authorized: (1) to establish subordinate general improvement districts in order to relate the costs and benefits of providing public improvements to the area annexed and (2) to give residents of such areas special representation in proceedings relating to land-use control and development of the area. This approach is not suitable in those States or metropolitan areas where the urban county has become the "chosen instrument" of local government.

As long as undeveloped land still exists on or near the borders of cities and other incorporated units, there is a great potential for orderly growth by natural accretion through the traditional exercise of municipal annexation powers. Yet, the laws of many States have created several major impediments to the smooth functioning of municipal growth by annexation. One impediment is the requirement that residents of the area to be annexed approve the annexation. Another is the reservation to such residents of the sole right to initiate annexations. As a result, cities in many States have been frustrated in their efforts to expand their boundaries and thereby achieve a degree of order in the growing edge of urbanization beyond their borders.

In response to this situation, seven States (Alaska, California, Colorado, Minnesota, New Mexico, Washington and Wisconsin) in recent years have taken a variety of statutory approaches to liberalize the annexing powers of municipalities and provide more effectively for extending boundaries in accordance with fringe growth, while at the same time protecting outlying residents against inequitable or arbitrary action. These statutes involve modification of the exclusive power of unincorporated areas to initiate annexation actions and then power to veto proposed annexations, but at the same time prescribe rational standards that must be met to assure that annexation is desirable and that the annexed area will receive the benefits which absorption by a municipality are presumed to bestow.

In its 1961 report, *Governmental Structure, Organization and Planning in Metropolitan Areas,* this Commission urged States to allow municipalities to initiate annexation proceedings, and to follow, where appropriate to individual needs and circumstances, the example of States that have adopted legislation facilitating municipal annexations.[28]

In addition States could give their municipalities authority to annex territory of a size large enough to be developed as a new community, subject only to the approval of a State or local agency established pursuant to statute. Residents in the territory to be annexed would have no right to veto the municipally-initiated action, but their interests would be safeguarded by the State or local agency. For this purpose, the statute should prescribe criteria to be followed by the agency to assure that, for example, the area is large enough to constitute a new community, and that the annexing municipality provides within a specific time a reasonable level of municipal services at a fair cost to the property owners resident in the area at the time of annexation.

To minimize the difficulties of all parties concerned, it would be desirable to establish cooperative procedures whereby logical areas for new community development would be identified by the cities, the review agency, and local and areawide planning agencies. To make further provision for an orderly transition and integration of the new area into the existing municipality, the municipality should be authorized to establish subordinate general improvement districts for fiscal purposes and "local councils" to provide special representation for the annexed area on certain matters regarding its physical development. As a purely fiscal measure, municipalities should be authorized to establish subordinate general improvement districts within their borders to levy property taxes on specific areas in order to service bond issues for public works within such areas. This arrangement would make it possible to insulate the existing developed city from liability for such financing and to assure that the area benefited would bear the burden of repayment for benefits directly attributable to it.

At the same time, the annexed areas should be authorized to establish local councils representative of the residents within the area, in order to give them a voice in land use and development decisions affecting them. Major land use measures applicable to the area, such as comprehensive plans, zoning ordinances, subdivision ordinances and plats, and planned unit development proposals could be made subject to review and endorsement or rejection by the local council. Rejection could be absolute, subject to overriding by an extraordinary majority of the city council, or merely suspensive prompting reconsideration and time for further review.

Special area provisions such as these would be a way of meeting legislative criteria for assuring the area residents that service and financial arrangements would be equitable. They would serve to facilitate the transition and remove resistance to annexation. Some of the objections of the annexed area to being absorbed into the large jurisdiction could be met by the representative character of the local council. On the other hand, possible objections from the residents of the city to assuming the burden of new public works for the annexed area also could be met by the improvement district approach.

While annexation is adaptable to any type of expansion of an existing municipality, it has particular relevance for building a new community. Such an approach provides the authority and institutional arrangements through which existing cities can participate in new community development in areas currently outside of their borders. It offers an opportunity for cities to develop a coordinated plan for renewal and rehabilitation within their borders coupled with relocation and provision of additional housing in yet unoccupied areas.

This annexation approach to new community development would be well adapted to the recently proposed new concept of "skip annexation," which serves as a method of allowing for planned expansion of a city completely enclosed by incorporated places. Under this method a city could acquire noncontiguous unimproved land.

> "This new land area could then be used as a 'bank' and a wide variety of attractive and well-planned residential and recreational facilities could be provided for current and future city residents in all economic and social classes as well as for commercial and industrial enterprises which seek more space

or new location. Construction and land ownership would be a matter for private enterprise except, of course, for public facilities. The older properties of the inner city which would be vacated by individuals and firms moving into the new land area could be demolished and replaced by open space or by more desirable structures according to an orderly plan.[29]

8. Enactment of State legislation authorizing an appropriate State agency to exercise development controls over highway interchanges and rights-of-way

Highways, along with water and sewer lines and facilities, are among the major determinants of the location of urban development. Public decisions regarding the provision of these facilities can be a major method of channeling and influencing the timing of urban development. New communities have almost exclusively been located near major interchanges on expressways. Those located elsewhere have experienced slower growth and frequently suffered financial difficulties. By a judicious use of development controls along highways coupled with an access policy related to areawide development plans, public jurisdictions can exert a significant influence upon development patterns.

Highway planning clearly should be an integral part of overall physical planning. The areawide planning requirement in the Highway Act of 1962 and the 701 program have been major stimulators of significant growth in State and local planning. Yet, highway planning should not become the tail that wags the dog. It must be a part of general areawide development planning, as is the case in a number of areas. When integrated with other physical planning and related to local land use and development programs, the total process of urban development can be greatly strengthened.

Special problems are created by the extension of major limited access highways through the rural countryside. In such areas, counties and smaller municipalities normally do not have adequate land-use development, subdivision, and other controls to regulate the increased commercial, industrial and home-building activities generated by the highways. Although the rights-of-way of Federal interstate highways are rigidly regulated, the areas immediately beyond and particularly along the access road are becoming dreary, unsightly, honky-tonk strip developments of the worst sort. The very rigidity of the highway controls generates clustering of motel, restaurant, drive-in and other type of activities along the rights-of-way at access points and at interchanges. Furthermore, highways also generate isolated, small, industrial, warehouse and similar installations and subdivisions. The ten-story high filling station sign looming up above all the natural features of the countryside has become the symbol of such development. The real problem arises from the fact that once established, many of the uses are protected as nonconforming uses even when controls finally are inaugurated.

A national policy to deal with urban growth might well include policies designed to encourage industries to locate in certain areas. However, any such action might intensify the problems described if adequate controls are not provided in potential urban growth areas along interstate and other main highways. As a means to assure such regulation where municipalities or counties do not exercise effective land use and development controls at access points and along major highway rights-of-way, an appropriate State agency can be authorized to do so, pursuant to criteria and standards set forth in the authorizing legislation. The agency might be the highway department or department of community affairs, for example.

Decision as to whether local controls are effective probably would have to be left to an administrative agency, perhaps a local agency formation commission or the State planning body, but also pursuant to legislatively-prescribed criteria. Provision should also be made for counties and municipalities to appeal to the courts on decisions declaring their controls not qualified. If the decision were made by a local agency formation commission, appeal might be first made to a State agency, such as the State planning body, then to the courts. Finally, the legislation should provide for establishing or reestablishing local controls at such time as the county or municipality showed readiness to exercise such controls at a level of effectiveness meeting statutory criteria. Whoever exercises control over land-use and development at these highway points should do so consistent with a State's urbanization plan.

9. Enactment of State legislation to authorize new types of development ordinances and regulations

To make a number of new urban development tools available to local governments, States should consider enacting enabling legislation authorizing local governments to adopt the following kinds of ordinances and regulations to guide future urban growth:

- an "official map" reserving designated lands for specified periods of time for a range of public uses, including streets, public facilities, parks, and schools;
- a requirement for dedication of land by developers for park and school sites or, at the local government's option, a cash payment in lieu of such dedication;
- "planned unit development" regulations to replace certain rigid conventional zoning standards with broad general standards, but with detailed administrative review and approval of site plans;

- "unmapped" or "floating" zones, which are defined in the text of a zoning ordinance but not specifically located on the accompanying zoning map.

These new techniques are available to assist in fully realizing the potential of local land-use and development programs emphasizing large-scale development, such as planned neighborhoods and new communities. Several States have laws authorizing an official map which identifies and may reserve in advance of actual need (for a specified period of time), land for streets, parks and other public facilities.

The three other techniques have been much less widely adopted. About half a dozen States specifically authorize the adoption of the planned unit development (PUD) approach or one of its variants. In a number of other States existing zoning, subdivision control, and other land-use and development regulations appear to permit use of the PUD on the initiative of at least some of the local governments. PUD coordinates zoning and subdivision regulations at the predevelopment stage, eliminating extra steps by considering all aspects of development, from street widths to sideyards, in a single site plan review. The use of unmapped or floating zones permits identification of certain types of zones and the adoption of applicable standards without specifically locating their metes and bounds on a map. This provides a planning jurisdiction with greater flexibility in meeting specific needs and adapting to current development while still providing predictability and guidance to potential developers. Finally, requiring developers to dedicate land for neighborhood open space-park-recreation-school sites as well as to provide facilities for streets, curbs, sidewalks, gutters, sewer and water lines, would help to assure a sound pattern of facilities for urban development. The potentialities of these four are as follows:

Official Maps. The adoption of an official map specifically identifies and maps future locations for streets, public facilities, parks, playgrounds, and other public uses and officially reserves the sites for future public acquisition. It is a major tool to assist governments in directing urban development and providing adequate services at a reasonable cost. Used in coordination with other appropriate measures as part of an overall urban development program, it provides for the identification of areas slated for development in the near future. By prohibiting or restricting development within the areas needed for public uses it assures that where negotiated settlements are not possible, condemnation proceedings will avoid costly taking of structures and development. While over 40 States have some type of official map legislation on their books, in only 26 does it include the power to actually reserve land for streets and in only 13 to reserve land for park and playground areas. In the other instances, an official map is merely a specific indication of where the public uses are intended and serves no other legal purpose. Since an official map authorization without reservation provisions does not endow localities with substantially more authority than they have under a general provision authorizing the adoption of physical development plans, States should consider adopting enforceable official map authorization applicable to all major public uses.

The absolute reservation should not extend for an indefinite period. One approach, for example, is to require the institution of purchase proceedings by the public jurisdiction within a stated period of time following the filing of a preliminary plat, site plan, or building permit request. Unless the reserved property is purchased or condemnation proceedings instituted within a stated period, the property would then be free of the official map reservation.

Mandatory Dedication of Public Facility Sites. Subdivision control enabling legislation in most States authorizes local governments to adopt reasonable regulations and measures to assure that there will be adequate provision for drainage, flood control, streets, sanitary sewers, and other utilities. In most States, developers can be required to provide streets, curbs, gutters, sidewalks, sewer lines, water lines, and storm drainage facilities to service their own subdivision. This is a procedure which is analogous to the special benefit assessments which are generally accepted as a method of paying for facilities in built-up areas whose benefits can be directly attributed to the immediate area. These provisions have been much less frequently applied to land or open space, park and recreation facilities, and school sites. However, it is now generally recognized that this type of public open space is a vital feature of sound subdivision design and is as necessary for the public welfare as the provision of physical facilities, such as streets and sewers.

A number of States have amended subdivision control and enabling legislation to include authorization for local governments to make reasonable provisions for open space, recreation and school site land and to require dedication by the developers. One of the diffiiculties in administering such a provision is that small developments frequently will not include either enough total land or enough desirably located land to dedicate to one of these purposes. To make the provisions workable, therefore, it is necessary that there be included a provision for payment-in-lieu of dedication at the local jurisdiction's option.

Not only is this type of mandatory provision desirable on general principle, but putting it on this basis will also eliminate one type of abuse that has crept into subdivision regulation in a number of areas. Local jurisdictions have frequently sought and obtained "voluntary" dedication of open space, parks, and school sites from developers in exchange for approval of a rezoning and subdivision plan request. This leads to a number of inequities and discriminatory practices. On occasion, higher density uses are allowed in exchange for dedication of land by the developer. As part of a cluster development approach this is a widely accepted practice. When done independent of the protections in a cluster development ordinance, however, it is subject to abuse.

Compulsory dedication or payment-in-lieu should generally extend only to the amount of land needed for neighborhood, park, recreation, and school use by the residents of a new urban development or community. Under certain circumstances a portion of the dedication or payment-in-lieu might be incorporated into a regional park or facility as part of the overall administration of a dedication program. In any case, the standards to be used in determining the amount necessary to meet the general requirements should be based on the number and type of dwellings in a development. The county should have the authority to select a particular tract or tracts for park and recreation, open space, or school purposes. Where an official map exists and identifies sites for these purposes, the dedication would, of course, consist of the designated sites to the extent of a developer's obligation. The local jurisdiction should also have the option of deciding whether to require dedication or payment-in-lieu. Since the purpose is to acquire appropriately located land for neighborhood public purposes, a developer should not be able to "buy out" of this obligation. The payment-in-lieu approach should be used only when a development is not large enough or when there is no satisfactory site within the development.

Planned Unit Development. The Commission's sampling of the land-use and development regulatory provisions under which existing new community developments have been undertaken revealed that the single major technique most used was the planned unit development approach. In only a few cases were the provisions specifically designed for whole communities or even specifically adopted with new communities in mind. However, this approach is particularly well adapted for large-scale, planned development and is probably one of the most significant steps dealing with land use and development controls that could be taken to encourage new community development. The major distinguishing characteristics of the planned unit development technique are that it combines zoning, subdivision control, and other land-use procedures to allow a developer more design flexibility while replacing the traditional, rigid, limited-use zoning districting standards with broad general standards and with detailed administrative review and approval of specific plans. It is particularly appropriate for application in developing areas. Lot-by-lot regulation under existing zoning procedures may be adequate for controling development in built-up areas. It is designed primarily to prevent the use of one lot from injuring the present or future use of an adjoining lot. Such regulation is probably inappropriate and unduly restrictive, however, for areas where development of all lots occurs at approximately the same time and is done by a single party. The planned unit development approach allows the use of innovative, efficient, and topographically-suited site and building patterns including mixed housing types and mixed uses where these can be accomplished in a healthy, wholesome, and attractive manner.

There are a number of variants to this approach. They range from the broad general uses as planned apartment development (PAD) and planned housing development (PHD) to the much broader residential planned community (RPC) or planned community development (PCD) approaches. While the specific scope of measures adopted may vary, the principle and elements remain the same. This approach allows, for example, a clustering technique in building townhouses or single-family houses by applying an "average density" approach. The most topographically appropriate arrangement of units with maximum accessibility from streets and trunk water and sewer lines is permitted if sufficient open space is provided to produce no more than the average required density. Furthermore, appropriate neighborhood, commercial, retail, and institutional uses can be related to multi- and single-family housing uses without adherence to rigid zoning district lines frequently established well in advance of actual development and not necessarily related to plans for a specific development.

The reserved development unit (RDU) has particular relevance to new communities, especially those designed on a neighborhood, village, and town center approach. The RDU is simply a planned unit development which has tentatively been approved (without detailed plans) for a certain use or uses. Generally the designation should be accompanied by a guideline figure specifying what density the reserved area might accommodate in the future. Construction of other parts of the new community would take place before the reserved area was developed. The filling in of a designated reserve would occur when market demand and availability of capital dictated its development. The RDU would usually be for residential development. As in existing development control legislation, intended use designation and major arterial routes might be required to be shown in the reserved area plan. It should be thought of as a device to allow development following the building of other planned unit developments and, subsequently, additional construction within a planning area sector. For example, construction in a high-intensity land-use area may provide more jobs than residents of existing planned residential neighborhoods can fill. The RDU would allow for newer, expanded residential neighborhoods to house the additional residents.

The RDU approach is applicable to all types of large-scale urban development. Because it is primarily concerned with the reservation of land for filling-in residential development it is applicabe to more conventional large-scale development as well as new communities.

Unmapped or Floating Zones. An unmapped zone is a zoning district set forth in the text of a zoning ordinance but not located on the accompanying map. This relatively new technique is well suited to large-scale projects that could be located in any one of a number of locations. It is particularly appropriate for neighborhood, community, and regional shopping centers where there will be only one of this type of use within a more or less well defined overall area. It may be known, for example, that a number of suitable locations for large shopping centers can be identified. It would be unwise to zone all of these places for such a use, however, since some may be too close to one another for proper traffic patterns. Also, the result would be a scattering of commercial uses that could leave related commercially zoned land and other surrounding lands undesirable for any use. Undertaking a project at one of the possible locations, in other words, could well eliminate several of the alternative sites.

This approach acknowledges the broad principal underlying case-by-case rezoning: that zoning a specific tract does not occur until a developer or owner takes the initiative to seek rezoning. Yet, it eliminates two major weaknesses of the case-by-case approach. First, the floating zone approach applies only to appropriate types of zoning categories, that is, those that contemplate only one such category in a relatively large area. There is no reason to have ordinary residential zones on an unmapped basis. Second, it applies specific locational standards in advance so that possible locations can be clearly identified.

This technique would have particular usefulness in an area taking the multi-purpose center and surrounding community development approach to new community development. The areawide or regional development plan would identify a number of possible multi-purpose centers and surrounding community development. Under the "planning areas" approach these potential sites would be generally identified on a comprehensive plan. The planning jurisdiction, however, would not on its own initiative undertake to rezone comprehensively all of the possible multi-purpose center locations. Rather it would wait until a specific project was proposed at a specific location and then effect an appropriate rezoning of that location.

CONCLUDING OBSERVATIONS

Repeatedly throughout this report the Commission has emphasized the intergovernmental dimensions of urban growth. The foregoing recommendations for developing and using coordinated national, State, and local policies call for development of a national policy and a reexamination of the role of multi-State regional planning agencies. A new and expanding role for State government through development of State urban development plans in consultation with local government is recommended. The Commission also suggests a number of measures that should be considered as possible elements of national, State, and local urban growth policies, including locational incentives, assistance for large-scale urban and new community development, improving land use and development planning and regulation, and strengthening local governments to deal with urban growth. Collaboration with the private sector of the national economy is essential to these governmental efforts.

While the Commission believes that the immediate needs of our troubled cities and metropolitan areas and poverty-stricken rural areas is pressing, attention must also be given to the longer range objective of encouraging urban growth patterns that will, on the other hand, conserve our national resources, while providing maximum social and economic opportunity to all the citizens. With the establishment of a national policy for guiding the location and character of future urban growth involving the three levels of government and the private sector, creative opportunities exist to provide alternatives to continued concentration of people in existing densely populated areas and to break away from the conventional thinking and approaches to urban development.

Footnotes

[1] *Fiscal Balance in the American Federal System,* Report No. A-31, October 1967, Volume 2, Recommendation No. 11.

[2] *State-Local Taxation and Industrial Location,* Report No. A-30, April 1967, Recommendation No. 1, p. 80.

[3] *Fiscal Balance in the American Federal System, op. cit.,* Volume 1, Recommendation No. 21.

[4] *Ibid.,* Recommendation No. 17.

[5] *Intergovernmental Relations in the Poverty Program,* Report No. A-29, Recommendation No. 5, pp. 169-170.

[6] *Governmental Structure, Organization and Planning in Metropolitan Areas,* Report No. A-5, July 1961, pp. 32-35. Suggested legislation to implement this recommendation ap-

pears in the *1968 State Legislative Program,* September, 1967, "Metropolitan Area Planning Commissions," pp. 412–421

[7] *Alternative Approaches to Governmental Reorganization in Metropolitan Areas,* Report No. A–11, June 1962, pp. 34–38.

[8] *Intergovernmental Relations in the Poverty Program, op. cit.,* Recommendation No. 7, pp. 174–177.

[9] *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs,* Report No. A–25, January 1965, Recommendation No. 7, pp. 109–112. In December 1966, the Secretary of Labor issued a revised regulation requiring State employment security agencies with jurisdiction within interstate metropolitan areas to establish procedures assuring that workers and employers within such areas would have full access to job openings and labor supply without regard to State lines.

[10] See pp. 163–166.

[11] *Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs, op. cit.,* Recommendation No. 4, p. 99–104.

[12] *Ibid.,* pp. 104–107.

[13] *Building Codes: A Program for Intergovernmental Reform,* Report No. A–28, January 1966, Recommendation Nos. 1–7, p. 83–97.

[14] Providing for industrial, commercial and residential uses including a range of housing prices adequately broad to encompass a *pro rata* share of low income housing in relation to the general metropolitan areas near which the new communities are located.

[15] Nichols, *The Law of Eminent Domain,* Section 7.2, p. 63.

[16] For a list of Commission recommendations and references to source reports, see the brochure, *The Advisory Commission on Intergovernmental Relations,* May 1, 1967. For draft State legislation implementing many of these recommendations, see *1968 State Legislative Program,* September 1967.

[17] *Governmental Structure, Organization, and Planning in Metropolitan Areas, op. cit.,* pp. 39–40 and *The Problem of Special Districts in American Government,* Report No. A–22, May 1964, Recommendation No. 1, pp. 75–77.

[18] *The Problem of Special Districts in American Government, op. cit.,* Recommendation No. 8, pp. 82–84.

[19] *State Constitutional and Statutory Restrictions on Local Government Debt,* Report No. A–10, Recommendations No. 3 and 4, pp. 75–82,

[20] *State Constitutional and Statutory Restrictions on Local Taxing Powers, op. cit.,* pp. 6–8.

[21] *Governmental Structure, Organization, and Planning in Metropolitan Areas, op. cit.,* Recommendation No. 3, pp. 24–26.

[22] *Metropolitan, Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs, op. cit.,* Recommendation No. 2, pp. 94–97 and *1968 State Legislative Program,* September, 1967, pp. 541–549.

[23] *Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas,* Report No. A–13, October 1962, Recommendation No. 1, pp. 103–104.

[24] *Ibid.,* Recommendation No. 3, pp. 108–111.

[25] *Ibid.,* Recommendation No. 5, pp. 114–117.

[26] For the transfer of function recommendation see, *Governmental Structure, Organization, and Planning in Metropolitan Areas, op. cit.,* pp. 30–31. The Optional Charter Recommendation appears in *State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personal Powers of Local Government,* Report No. A–12, p. 71.

[27] See *Governmental Structure, Organization, and Planning in Metropolitan Areas, op. cit.,* pp. 40–41.

[28] Advisory Commission on Intergovernmental Relations, *Governmental Structure, Organization and Planning in Metropolitan Areas, op. cit.,* pp. 21–24.

[29] Kent Matthewson, "A Challenging New Concept: Skip Annexation," *The Nation's Cities,* Vol. V, No. 10 (October, 1967), pp. 41–44.

Appendices*

APPENDIX I–A

CLASSIFICATION OF PEOPLE BY RESIDENCE—DATA DEFINITIONS AND LIMITATIONS

The concept of "urban" has changed over the decades. The Bureau of the Census has used varying bases at different times to define which part of the population of the United States it deems urban and which rural. The first distinction between urban and rural territories for classification of national population was made in 1874. "Urban" applied to cities of 8,000 or more population until 1910 when the urban definition was lowered to include incorporated places with a population of 2,500 or more.

After 1920, urban population expanded greatly in the fringes surrounding larger cities into unincorporated territory, causing the urban population to be understated under the traditional definition. For this reason, in 1950, the Census Bureau introduced a new definition, "urbanized area", to provide a better separation of urban and rural population in the vicinity of larger cities.

An urbanized area contains at least one city of 50,000 inhabitants or more in 1960,[1] as well as the surrounding closely settled incorporated places and unincorporated areas that meet the criteria listed below. All persons residing in an urbanized area are included in the urban population.

In addition to its central city or cities, an urbanized area contains the following types of contiguous areas, which together constitute its urban fringe:

(1) Incorporated places with 2,500 inhabitants or more

(2) Incorporated places with less than 2,500 inhabitants, provided each has a closely settled area of 100 dwelling units or more

(3) Towns in New England States, townships in New Jersey and Pennsylvania, and counties elsewhere which are classified as urban

(4) Unincorporated territory with a population density of 1,000 inhabitants or more per square mile.

In 1950 and 1960, urban population also included *unincorporated* places of urban density outside of urbanized areas, if they contained 2,500 or more inhabitants.

Census designates as "rural" all areas that are not urban. A rural place then is not necessarily a farm; in fact, most of today's rural population includes persons living in rural areas but working in non-agricultural occupations. The "rural" grouping is divided into two categories: "rural farm" and "rural nonfarm," according to the character of the residence.

The concept of the Standard Metropolitan Statistical Area (SMSA) is a further outgrowth of the general effort to define a city and its environs in an economic and social sense. The SMSA was established in 1950 and has been used since then. Briefly, an SMSA is comprised of one city with 50,000 inhabitants or more, or two contiguous cities with a combined population of 50,000, plus those adjacent counties which are "integrated" with the central city. (In New England, towns are used instead of counties). In an economic and social sense the basic determinant of whether an outlying county is to be included is the percentage of county residents who work in or around the central city or the percentage of city dwellers who work in the county.

The SMSA's often include a great deal of land which by any reasonable standard is not in urban "use." Their boundaries adhere to county lines and this usually insures inclusion of considerable nonurban land. The Duluth-Superior SMSA, for example, extends to the Canadian border, encompassing much of the iron ranges of Minnesota, including a dozen or so small mining cities and towns located 60 to 100 miles north of Duluth. The SMSA as a statistical tool for measuring metropolitan character is clearly inaccurate in these instances.

Cities are incorporated units of local government whose boundaries are political. Cities do not necessarily include all of the contiguous areas of urban development though they may at the same time include undeveloped territory. Since they have determined boundaries they can grow by two means: by increased density within a fixed geographic boundary, or by annexation of adjoining areas that may be built-up or undeveloped, or composed of both types of area. Much of the population growth of cities has been by annexation—in fact, the population growth of some cities has resulted wholly from annexation in recent decades.

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*Apendices are keyed to the relevant chapters as follows: I–A, I–B; II–A, II–B; etc.

[1] There are a few urbanized areas where there are "twin central cities" that have a combined population of at least 50,000.

In addition to cities, municipalities may be chartered as towns, villages, or boroughs. There are some "city-county" units and "independent cities" (the latter in Virginia) where the city does not belong to the county and, in effect, constitutes a separate county unit. Finally, unincorporated urban-type places with a population of 2,500 or more are classified as urban. On the other hand, cities, boroughs, villages, and towns with fewer than 2,500 inhabitants are classified as rural, unless they happen to be included within an urbanized area.

APPENDIX I–B

Urban Population as a Percentage of Total Population, by Regions, 1870, 1910, 1950, and 1960

Region [1]	1870 percent	1910 percent	1950 (old definition) percent	1950 (Current definition) [2]	1960 (old definition) percent	1960 (Current definition) [2]
UNITED STATES	25.2	45.7	59.6	(64.0)	63.0	(69.9)
New England	44.4	73.3	74.8	(76.2)	75.1	(76.4)
Middle Atlantic	44.1	70.2	74.0	(80.0)	71.0	(80.9)
Great Lakes	21.6	52.7	65.7	(69.7)	67.3	(73.0)
Southeast	9.5	19.4	42.5	(42.5)	46.3	(52.1)
Plains	18.9	33.2	49.9	(52.0)	56.0	(58.8)
Southwest	6.9	22.5	55.5	(59.2)	69.8	(72.4)
Mountain	13.9	40.7	51.8	(55.6)	56.0	(65.0)
Far West	31.2	56.0	62.7	(74.8)	68.2	(81.5)

[1] Regions as used here consist of the following groupings:
New England: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut.
Middle Atlantic: New York, New Jersey, Pennsylvania, Delaware, Maryland, District of Columbia.
Great Lakes: Ohio, Indiana, Illinois, Michigan, Wisconsin.
Southeast: Virginia, West Virginia, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Louisiana.
Plains: Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas.
Southwest: Oklahoma, Texas, Arizona, New Mexico.
Mountain: Montana, Idaho, Wyoming, Utah, Colorado.
Far West: Washington, Oregon, California, Nevada (Alaska and Hawaii excluded).

[2] The former definintion of "urban" included only persons living in incorporated places of 2,500 or more. The current definition also includes unincorporated suburban fringe territory and incorporated areas of less than 2,500 adjacent to larger cities of 50,000 or more population as well as outlying unincorporated, built-up areas of 2,500 or more. See Appendix I-A for a more detailed assessment of census definitions.

Source: Harvey S. Perloff, Edgar S. Dunn, Jr., Eric E. Lampard, and Richard F. Muth, "Regions, Resources and Economic Growth" (Baltimore, Md.: The Johns Hopkins Press, 1960), p. 19. Table updated by ACIR.

APPENDIX I–C

The Distribution and Growth of SMSA Population in Central Cities and Outside Central Cities, 1900–1975

Year	Total SMSA population (thousands)	Percent of SMSA population within central cities	Central city population gains during previous decade (thousands)	Percent of SMSA population outside central cities	Outside central city gains during previous decade (thousands)
1900	31,836	62.1	------------	37.8	------------
1910	42,012	64.6	7,357	35.4	3,839
1920	52,508	66.0	7,519	34.0	2,977
1930	66,712	64.6	8,428	35.4	5,776
1940	72,576	62.7	2,403	37.3	3,461
1950	88,964	58.7	6,664	41.3	9,723
1960	112,385	51.4	5,573	48.6	17,848
1965	123,813	48.1	[1] 1,882	51.9	[1] 9,653
1975 (estimated)	154,286	41.8	[2] 4,779	59.2	[2] 27,136

[1] Five year growth.

[2] Not strictly comparable with figures for prior periods because 1975 covers 224 SMSA's prior years only 212 SMSA's.

Source: U.S. Bureau of the Census, "U.S. Census of population: 1960 Selected Area Reports: Standard Metropolitan Statistical Areas," Final Report PC (3)ID. National Planning Association, "Economic and Demographic Projections for Two Hundred and Twenty-Four Metropolitan Areas," Vol. III. Metropolitan Studies Center, Syracuse University.

APPENDIX I–D

Population and Change for Territorial Aggregates, 1960–65

[Population in thousands]

Aggregate	Population, 1965	Change, 1960–65		Percent of	
		Number	Percent	U.S. total population, 1965	U.S. total population change, 1960-6
Total places of 10,000 or more	104, 218. 7	8, 242. 7	8. 6	54. 0	60. 3
less 2,026.9 annexed		(6, 215. 8)	(6. 5)		(45. 5)
Metropolitan central cities	58, 662. 6	2, 828. 9	5. 1	30. 4	20. 7
less 901.6 annexed		(1, 927. 3)	(3. 5)		(14. 1)
Suburbs of 10,000 or more	27, 719. 7	3, 929. 5	16. 5	14. 4	28. 8
less 623.0 annexed		(3, 306. 5)	(13. 9)		(24. 2)
Nonmetropolitan places of 10,000 or more	17, 836. 4	1, 484. 3	9. 1	9. 2	10. 9
less 502.3 annexed		(982. 0)	(6. 0)		(7. 2)
Total places under 10,000	88, 981. 3	5, 434. 1	6. 5	46. 0	39. 7
plus 2026.9 annexed		(7, 461. 0)	(8. 9)		(54. 5)
Metropolitan remainders	33, 038. 4	4, 150. 2	14. 4	17. 1	30. 3
plus 1,524.6 annexed		(5, 674. 8)	(19. 6)		(41. 4)
Nonmetropolitan remainders	55, 942. 9	1, 283. 9	2. 3	29. 0	9. 4
plus 502.3 annexed		(1, 786. 2)	(3. 3)		(13. 1)
UNITED STATES TOTAL	193, 200. 0	13, 676. 8	7. 6	100. 0	100. 0
Total central cities and suburbs over 10,000	86, 382. 3	6, 758. 4	10. 8	44. 7	49. 5
less 1,524.6 annexed		(5, 233. 8)	(6. 6)		(28. 4)
Total Rand McNally metropolitan areas	119, 420. 7	10, 908. 7	10. 1	61. 8	79. 8
Total outside metropolitan areas	73, 779. 3	2, 768. 1	3. 9	38. 2	20. 2

Source: Richard L. Forstall, "Population Change in American Cities, 1960-65," "Municipal Year Book, 1966" (Chicago, Ill.: International City Managers' Association, 1966)' p. 32.

APPENDIX I–E

Physician Visits per Year, by Sex, Age, Residence, and Family Income of Patients, 1963–64 [1]

Sex and age of patients	Total visits	Residence			Family income			
		Inside SMSA's	Outside SMSA's		Under $2,000	$2,000 to $3,999	$4,000 to $6,999	$7,000 and over
			Nonfarm	Farm				
Total per 1 million population	844. 3	568. 3	237. 0	39. 0	92. 8	130. 6	263. 1	316. 9
By sex:								
Male per 1 million	356. 1	237. 7	100. 2	18. 3	31. 2	53. 9	112. 9	142. 0
Female per 1 million	488. 3	330. 7	136. 9	20. 7	61. 6	76. 6	150. 2	174. 9
VISITS PER PERSON								
Total	4. 5	4. 8	4. 3	3. 3	4. 3	4. 3	4. 5	4. 9
By age:								
0–4 years	5. 5	6. 0	4. 7	3. 6	3. 1	4. 6	5. 6	6. 8
5–14 years	2. 8	3. 1	2. 5	1. 8	1. 2	2. 0	2. 7	3. 5
15–24 years	4. 3	4. 5	4. 2	2. 7	4. 2	4. 6	4. 2	4. 4
25–44 years	4. 5	4. 8	4. 2	2. 8	3. 8	3. 8	4. 6	4. 9
45–64 years	5. 0	5. 2	4. 8	4. 7	5. 2	4. 9	5. 1	5. 2
65 years and over	6. 7	6. 8	6. 7	5. 4	6. 1	6. 7	7. 0	7. 3
By sex:								
Male	4. 0	4. 2	3. 7	3. 0	3. 4	3. 8	3. 9	4. 3
Female	5. 1	5. 4	4. 8	3. 7	5. 0	4. 8	5. 1	5. 4

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[1] Includes Alaska and Hawaii. Data are annual averages based on household interviews from July 1963-June 1964 and refer to the civilian noninstitutional population.

Source: Vital and Health Statistics, Public Health Serv., Ser. 10, No. 19, U.S. Dept. Health, Education, and Welfare.

APPENDIX I–F

Dental Visits per Year, by Sex, Age, Residence, and Family Income of Patients, 1963–64 [1]

Sex and age of patients	Total visits	Residence			Family income			
		Inside SMSA's	Outside SMSA's		Under $2,000	$2,000 to $3,999	$4,000 to $6,999	$7,000 and over
			Nonfarm	Farm				
Total per 1 million population	293.7	216.1	66.6	11.0	16.6	26.1	85.2	151.5
By sex:								
Male per 1 million	129.0	95.6	27.9	5.5	6.7	9.6	36.6	70.6
Female per 1 million	164.8	120.5	38.7	5.5	9.8	16.5	48.6	80.9
VISITS PER PERSON								
Total	1.6	1.8	1.2	.9	.8	.9	1.4	2.3
By age:								
0–4 years	.3	.4	.3	.1	.1	.1	.3	.5
5–14 years	1.9	2.2	1.4	1.0	.9	.8	1.7	2.7
15–24 years	2.0	2.3	1.6	1.1	1.3	1.1	1.9	2.8
25–44 years	1.9	2.1	1.4	1.5	1.0	1.1	1.7	2.4
45–64 years	1.7	1.9	1.4	1.0	.8	1.1	1.5	2.4
65 years and over	.8	.9	.7	.3	.5	.7	1.0	1.5
By sex:								
Male	1.4	1.7	1.0	.9	.7	.7	1.3	2.2
Female	1.7	2.0	1.4	1.0	.8	1.0	1.6	2.5

[1] Table includes Alaska and Hawaii. Data are annual averages based on household interviews from July 1963–June 1964 and refer to the civilian noninstitutional population.

Source: Vital and Health Statistics, Public Health Serv. Ser. 10, No. 13, and unpublished data, U.S. Dept. Health, Education, and Welfare.

APPENDIX I–G

Average Family Expenditures for Medical Care, Value of Free Care, and Percentage of Families Reporting Expenditures and Free Care by Residence, 1961 [1]

Item	Total		Urban		Rural			
					Nonfarm		Farm	
	Amount	Percentage reporting	Amount	Percentage reporting	Amount	Percentage reporting	Amount	Percentage reporting
Total expenditure	$345	98	$362	98	$297	98	$310	98
Prepaid care	91	72	94	75	83	66	83	63
Total direct expenditure	254	97	268	97	215	96	226	97
Hospitalized illness	49	24	50	24	43	25	57	28
Physicians' services outside hospitals	55	75	58	75	47	76	48	78
Dental services	47	57	53	58	32	52	31	55
Eye care [2]	16	37	17	38	15	34	16	37
Other practitioners	3	5	3	5	2	5	4	8
Medicines and drugs	68	91	69	91	66	91	59	91
Medical appliances	4	34	4	35	3	33	4	32
Other medical care [3]	8	20	9	21	5	16	7	14
Free care	34	24	36	25	30	22	22	13
Number of families reporting (in thousands)	55,306		40,131		11,663		3,512	

[1] Preliminary data. Detail may not add to total because of rounding.
[2] Includes glasses.
[3] Includes nursing care in the home.

Source: Jean L. Pennock, "Family Expenditures for Medical Care", paper presented at 43rd Agricultural Outlook Conference November 17, 1965, Washington, D.C. (Mimeographed).

APPENDIX I–H

Number and Percent of Families With 1959 Income Under $3,000, by Place of Residence

Place of residence	Families with income under $3,000		Place of residence	Families with income under $3,000	
	Number (thousands)	Percent of all families in residence type		Number (thousands)	Percent of all families in residence type
In Standard Metropolitan Statistical Areas			Outside Standard Metropolitan Statistical Areas		
Total	4,336	15.1	Total	5,314	32.2
Central city	2,602	17.6	Urban	1,513	23.1
Other urban	1,112	10.5	Rural nonfarm	2,364	33.5
Rural nonfarm	489	17.4	Rural farm	1,437	49.2
Rural farm	133	33.2			

Source: U.S. Bureau of the Census. U.S. Census of Population, 1960. Selected Area Reports, Type of Place. Final Report PC(3)–IE, Table 5.

APPENDIX II–A

Statistical Results for Per Capita Expenditures and Various Explanatory Factors in Ohio

Expenditure category	Population, 1960	Population density	Population growth, 1950–60	Population, 65 and over	Median school years completed	Median income	$\bar{R}^2$ *
Total general (noncapital)	—	—	—	—	—	—	0.191
Highways (noncapital)	—	—	—	—	—	—	—
Police	—	0.0004 (2.9252)	—	—	−2.1146 (3.4433)	0.0015 (4.6214)	.508
Fire	—	—	−0.0226 (2.3390)	—	−1.7091 (3.6711)	.0012 (5.0793)	.530
Sanitation and sewerage	—	—	−.0495 (2.7275)	—	—	.0014 (3.1826)	.381
Parks and recreation	—	—	−.0502 (4.6430)	−0.5473 (3.1363)	—	.0009 (3.4303)	.486
General control	—	−.0001 (1.7177)	−.0142 (2.2453)	—	—	.0004 (2.5776)	.189

* The $\bar{R}^2$ measures the percent of variation in city per capita expenditures explained by the several explanatory factors taken together.

Figures in parenthesis represent "t" values. A value greater than two, means the factor is statistically significant.

— Indicates the relationship was not statistically signficant.

APPENDIX II–B

Statistical Results for Public Employment and Various Explanatory Factors in Ohio

Employment category	Population, 1960	Population density	Population growth, 1950–60	Population, 65 and over	Median school years completed	Median income	$\bar{R}^2$*
Full-time equivalent employment	—	—	—	—	—	—	0.070
Full-time, common functions	—	—	−0.0002 (2.6967)	—	−0.0074 (1.9816)	0.000004 (2.2973)	.425
Highways	—	—	—	—	—	−.00001 (2.1986)	.232
Police	—	—	−.0003 (1.9646)	—	—	.00001 (2.3580)	.295
Fire	—	—	−.0004 (2.7837)	—	−.0201 (2.6136)	.00002 (3.8746)	.490
Sanitation and sewerage	—	—	—	—	.0230 (1.8704)	.00002 (2.5188)	.070
Parks and recreation	0 0000003 (2.2013)	—	—	—	—	—	.026
General control		−0.000005 (2.0422)	—	—	—	—	—

* The $\bar{R}^2$ measures the percent of variation in city per capita expenditures explained by the several explanatory factors taken together.

Figures in parenthesis represent "t" values. A value greater than two, means the factor is statistically significant.

— Indicates the relationship was not statistically signficant.

APPENDIX II–C

Statistical Results for Per Capita Expenditures and Various Explanatory Factors in Texas

Expenditure category	Population, 1960	Population density	Population growth, 1950–60	Population, 65 and over	Median school years completed	Median income	$\bar{R}^2$ *
Total general (noncapital)	—	—	—	—	—	—	0.027
Highways (noncapital)	—	—	—	—	—	—	—
Police	—	—	−0.0016 (2.0014)	—	—	—	.299
Fire	0.00002 (2.3138)	—	—	—	—	—	.020
Sanitation and sewerage	—	—	—	—	—	0.0017 (1.7328)	.004
Parks and recreation	—	—	—	—	—	—	.079
General control	—	—	—	—	—	—	.114

* The $\bar{R}^2$ measures the percent of variation in city per capita expenditures explained by the several explanatory factors taken together.

Figures in parenthesis represent "t" values. A value greater than two, means the factor is statistically significant.

— Indicates the relationship was not statistically signficant.

APPENDIX II–D

Statistical Results for Public Employment and Various Explanatory Factors in Texas

Employment category	Population, 1960	Population density	Population growth, 1950–60	Population, 65 and over	Median school years completed	Median income	$\bar{R}^2$ *
Full-time equivalent employment	—	—	—	—	—	—	0.134
Full-time, common functions	0.0000002 (3.5154)	—	—	—	—	—	.288
Highways		—	—	—	−0.0170 (2.6622)	—	.186
Police	.0000002 (2.1262)	—	—	—	—	—	.242
Fire	.0000004 (2.3349)	—	—	—	—	—	.047
Sanitation and sewerage		—	—	—	—	—	—
Parks and recreation	.0000002 (2.1132)	—	—	—	.0085 (1.8586)	−.00002 (2.4541)	.149
General control		—	—	—	−.0067 (1.7457)	—	.108

*The $\bar{R}^2$ measures the percent of variation in city employment explained by the several explanatory factors taken together.

Figures in parenthesis represent "t" values. A value greater than two means the factor is statistically significant.

— Indicates the relationship was not statistically significant.

APPENDIX II–E

Statistical Results for Per Capita Expenditures and Various Explanatory Factors in New Jersey

Expenditure category	Population, 1960	Population density	Population growth, 1950–60	Population, 65 and over	Median school years completed	Median income	$\bar{R}^2$ *
Total general (noncapital)	—	—	—	10.2407 (2.7423)	—	—	0.350
Highways (noncapital)	—	—	+0.0170 (2.2004)	—	—	−0.0011 (1.7477)	.211
Police	—	—	−.0332 (3.1325)	—	—	—	.251
Fire	—	—	−.0309 (1.8176)	—	—	—	.061
Sanitation and sewerage	—	—	−.0379 (2.5286)	—	—	—	.077
Parks and recreation	—	−0.0002 (1.8199)	—	1.5705 (3.5761)	—	—	.329
General control	—	—	—	—	—	—	—

* The $\bar{R}^2$ measures the percent of variation in city per capita expenditures explained by the several explanatory factors taken together.

Figures in parentheses represent "t" values. A value greater then two, means the factor is statistically significant.

— Indicates the relationship was not statistically signficant.

APPENDIX II–F

Statistical Results for Public Employment and Various Explanatory Factors in New Jersey

Employment category	Population, 1960	Population density	Population growth, 1950–60	Population, 65 and over	Median school years completed	Median income	$\bar{R}^2$ *
Full-time equivalent employment	—	—	—	0.0106 (2.2616)	—	−0.00002 (1.7769)	0.393
Full-time, common functions	—	—	—	0.0072 (2.5595)	—	—	.283
Highways	—	—	—	—	—	—	.046
Police	—	—	−0.0004 (2.1444)	—	—	—	.264
Fire	—		—	—	—	—	.096
Sanitation and sewerage	—	—	—	—	—	—	.086
Parks and recreation	—	—	—	0.0138 (2.5063)	—	—	.173
General control	—	—	—	—	—	—	—

*The $\bar{R}^2$ measures the percent of variation in city employment explained by the several explanatory factors taken together.

Figures in parenthesis represent "t" values. A value greater than two means the factor is statistically significant.

— Indicates the relationship was not statistically significant.

APPENDIX IV–A

FEDERAL AID AVAILABLE FOR NEW COMMUNITY DEVELOPMENT

MORTGAGE INSURANCE FOR LAND ACQUISITION AND DEVELOPMENT

This legislation had its inception in a 1961 Presidential Message, when President Kennedy called for urban renewal loans to help local agencies finance the acquisition of open space for future public or private development. He proposed that effective comprehensive planning for metropolitan or regional development be a prerequisite for such loans.

Chairman Rains of the Housing Subcommittee of the House of Representatives introduced the Administration bill to carry out the objectives of the Presidential Message. It provided for loans to State and local bodies for the advance acquisition of land for either public or private development. Loans would usually not exceed ten years and carry the current Federal interest rate. Land acquired under the bill was to be used in accord with comprehensive areawide plans.

Prior to the introduction of this bill (H.R. 6423), the proposed Housing Act of 1961 (H.R. 6028) had been introduced. It contained no provisions applicable to new towns. However, the subcommittee prepared Amendment No. 7 "FHA. Insurance for Site Preparation and Development," in time for the hearings on H.R. 6028. The amendment provided insurance for private developers in a new Title X to the Housing Act. A revolving Land Development Insurance Fund would provide funds to insure mortgages for land acquisition and development by private developers.

The Banking and Currency Committee reported out H.R. 6028 with Title VII providing for land acquisition by the public bodies within their own urban area for open space, with possible future conversion to other than open space as generally provided by H.R. 6423; and with the new Title X providing for land development insurance as generally set forth in the earlier amendment to H.R. 6028.

Subsequently, both provisions passed the House with opposition registered only to the provision concerning public agency participation. In the Senate no action was taken on the Administration bill (S. 1478) by the Banking and Currency Committee. But, another bill, (S. 1922), was reported out by the Housing subcommittee and was passed by the Senate. Title VI of the bill provided for establishing an Open Space and Urban Development grant program to State and local public bodies. Grants would be up to 25 percent of acquisition costs of land, but only for open space use. Conversion to other use depended upon approval of the HHFA Administrator and the substitution of other open land.

The Conference committee basically approved the Senate version. The land development insurance part of the House bill was dropped. Chairman Rains noted: ". . . we carefully wrote in provisions to avoid speculation under this program. However, the Administration urged us to hold off on this section until they had time to study it and come up with their own proposal." [1]

It was not until 1964 that the President used the term "new communities" in calling for: (1) grants and loans to State and local governments for construction of public facilities in such communities; and (2) loan insurance for private developers constructing such facilities. The Administration bill in the House (H.R. 9751) proposed a new program of F.H.A. loan insurance for private developers of new communities to provide up to 75 percent of the value of the developed land. Specific plans would have to be approved by the Administrator, and a range of housing assured. The bill covered both land acquisition and land development.

The bill was supported by the National Association of Housing and Redevelopment Officials, the American Institute of Planners, the American Institute of Architects, the AFL-CIO, the National Housing Conference, and others. Some opposition was voiced by the Mayors of Boston and Philadelphia, who feared the proposal would make the rebuilding of downtown areas more difficult. Strong opposition came from the National Association of Real Estate Boards, the National Association of Home Builders, the American Bankers Association, the Mortgage Bankers Association, and the U.S. Chamber of Commerce.

The Committee reported out a bill that contained no provisions for new communities and which merely extended the Housing Act for one year. The Housing Subcommittee felt that "the complexity and far-reaching nature" of the proposals required further study. The situation was much the same in the Senate, except that a provision for loans to communities for advance acquisition of land to construct public works and facilities survived until Conference committee action.

In the first session of the 89th Congress, 1965, the Administration's bills in both Houses contained three main provisions which could be applicable to new community development: (1) mortgage insurance for private developers to cover land acquisition and improvements; (2) loans to State land development agencies for acquisition of open land for development as neighborhoods, subdivisions, and communities; and (3) grants to local public bodies and agencies for advance acquisition of land for public works and facilities.

The House bill (H.R. 7984) was reported out of committee with the last two items omitted. In the Senate hearings, strong opposition to the loan provision to State land development agencies and grants to local public bodies for land acquisition and development was registered by the Mortgage Bankers, lumber dealers, the Life Insurance Association of America, and the NAREB. The arguments of these organizations apparently were persuasive, as the Committee report stated: "After very careful consideration and deliberation, the Committee did not approve the special aids for the development of new towns. . . . While the Committee believes that the provisions of the bill will be helpful in the development of economic and marketable subdivisions, it does not want this program used for land development which would, in fact create independent new towns.[2] The Senate then adopted a bill similar to the House version adding Title X—Mortgage Insurance for Land Development, to the National Housing Act.

In summary, the groups opposing Federal legislation for new communities have seen various dangers resulting from intrusion of the Federal Government into an area that they felt should be left to private enterprise. Their arguments included the threats of price overstimulation, land speculation, and Federal land control; "federalization" of the Nation's communities; and the driving out of small builders. On the other hand, the large city mayors have contended that such programs would divert money and attention from central city problems, and would further tighten the white suburban noose around their jurisdictions.

Supporters of new community legislation feel that the proposals represent ideas whose time has come for realization. Senator Tydings, in the floor debate during the first session of the 89th Congress, stated that in spite of the committee's edict, there is, "no clear point at which a neighborhood is of such magnitude as to be a subdivision and there is likewise no obvious distinction in size between a subdivision and an independent new town." He felt that the mortgage builder provisions would increase the number of building sites, and that a fair proportion of them would be made available to the small builder through other provisions in the bill. He called for requirements to be adopted by the FHA Commissioner to encourage broad participation by builders, and provision of the proper balance of housing for moderate or low-income families.[3]

The second session of the 89th Congress, in 1966, added to Title X a new section applicable specifically to new communities. Title X, as amended, authorizes the FHA to insure mortgages for land development, and encourage private developers to build large-scale development and new communities. Mortgage terms were extended to thirty years for new communities. Improvements which may be financed with the proceeds of such mortgages include water lines and water supply installations, sewer lines and sewage disposal installations, steam, gas and electrical line installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site of the mortgaged property. To be eligible for Title X mortgaging, the FHA Commissioner must deem such improvements necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use.[4]

The new section 1004 permits mortgage insurance backed by FNMA to be issued to private mortgagors for the creation of "new communities," as defined by certain statutory criteria. A development is eligible as a new community if, in light of its size and scope, it will make a substantial contribution to the sound and economic growth of the area in which it is located. The "substantial contribution" criteria include:

1. Substantial economies made possible through large-scale development, and the provision of improved residential sites.
2. Adequate housing to be provided for those who would be employed in the community or the surrounding area.
3. Maximum accessibility from the new residential sites to industrial or other employment centers, commercial, recreational, and cultural facilities in or near the community.
4. Maximum accessibility to any major central city in the area.

A new community proposal must actually contribute to sound and economic urban growth and it must be shown that it will help create a more balanced community and promote areawide development. The project must be undertaken pursuant to a development plan and in accordance with a comprehensive areawide plan, with participation by small builders encouraged. Such a new community proposal also must be approved by the local governing body of the area in which it will be located, and by the Governor of the State.

The total amount of outstanding mortgages to be provided for all new towns is limited to $250 million, with the program termination date set for October 1, 1972. In addition, no one project may be insured for more than $25 million. The loan is not to exceed 75 percent of the FHA estimated value of the developed land or 50 percent of the estimated land value before development plus 90 percent of the cost of development—whichever is less.

Finally, a project receiving Title X assistance may utilize a host of other Federal housing and public facility grants and loans. A number of these programs, used either in combination or separately, are presently available to assist new community objectives. Others will require legislative amendment to be fully useful.

The program under Title X has been slow in getting underway. During the first 18 months of its existence, only four loans, totaling $2,130,000, have been insured. All of the projects were too small (totaling 634 acres) to be called new communities.

PLANNING ASSISTANCE GRANTS

The Federal Planning Assistance Program was authorized by Section 701 of the Housing Act of 1954. Revised most recently in 1966, this program provides financial assistance to small communities, counties, metropolitan areas, regional and statewide planning agencies for preparation of comprehensive development plans. This program includes planning for land use, transportation, community facilities, zoning and subdivision regulations, long-range projections, programming and scheduling of capital improvements, and surveys of structures and sites which are of historical or architectural value.

While several of the local plans for new communities have been funded in part by the 701 program, the 89th Congress specifically extended the program to local planning agencies in cases where new communities are to be built on land approved for Title X mortgage insurance. Another 1966 amendment extended Section 701b grant assistance to include research and studies needed for revisions in State enabling legislation—a program that may be significant for States in developing new community legislation or creation of State or local public development agencies.

Finally, under Section 702 of the Housing Act, interest free loans can be made to public bodies for engineering and design of water and sewer facilities and other public works. The advance is repaid by the governmental jurisdiction when construction begins. For new community purposes, the program might be amended to permit a staged or gradual repayment, or payment out of user-revenue, as the various areas of the new community are completed.

WATER AND SEWER FACILITIES*

The legal and financial difficulties in providing sewage treatment and water supply for large blocks of land not immediately adjacent to existing facilities are seen by many entrepreneurs as being one of the major problems in the development of new communities. Several Federal and State grant and loan programs should prove helpful in resolving these limitations.

There are more Federal grant programs for sewer and water facilities than for any other single activity except housing. Three agencies—the Farmers Home Federal Water Pollution Control Administration (Department of the Interior), and the Department of Housing and Urban Development—make grants for sewer and water facilities. The FHA and FWPCA issue grants to public bodies for sewage treatment plants, HUD makes grants for water and facilities other than those covered by FWPCA, while EDA furnishes grants for all types of water and sewer facilities within its development districts.

The Basic Water and Sewer Facilities Program (Section 702) of HUD provides grants to public bodies to cover one-half of the cost for construction of water treatment and distribution systems and sewage collection systems (sewage treatment plants are excluded). However, only municipalities within SMSA's are eligible for this assistance.

The FWPCA program provides grants to public bodies for 30 percent of the cost of waste treatment plants (including interceptors and outfall sewers), with a 10 percent bonus provided if a local comprehensive planning program is underway. Appalachian communities are eligible for an additional 20 percent, if proposed projects are approved by the Regional Commisison. The Farmers Home Administration program provides a maximum of a 50 percent grant to any jurisdiction of 5,000 or less not adjacent to an urbanized area for the construction of water and sewer facilities. Nonprofit corporations are also eligible for such grants.

Other Federal loan programs relating to sewer and water facilities should also be noted. The Farmers Home Administration may, in addition to grants, issue 10 percent loans for water and sewage treatment

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*The bill for the Housing and Urban Development Act of 1968 includes as part of the provisions of Title IV, referred to as the "New Communities Act of 1968," authorization for supplementary grants to States and local governments carrying out new community assistance projects. Projects assisted under the water, sewer and waste disposal facilities programs of HUD and FHA could be allotted additional grants of up to 20 percent of the cost of projects but in no case could the total Federal grants exceed 80 percent of the cost.

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plant construction to those communities eligible for the grant program. The loans may be made for up to a 40-year period, with 5 percent interest rates. New communities might be considered eligible recipients for program benefits. The Public Facility Loans of HUD for public bodies within SMSA's cover all water and sewer facilities including sewage treatment plant construction. Private nonprofit corporations are eligible, and coverage has been extended to privately developed new community projects. The Advance Acquisition of Land Program of HUD provides grants consisting of interest on loans incurred by public bodies which acquire land for public facilities. Such aid is limited to five years. However, little use has been made of this program.

HOUSING ASSISTANCE

For any new town or new community or any new residential development which is publicly or privately built, the two most important programs of housing support are the widely used FHA Section 203(b) Basic Homeownership Mortgage Insurance for single families, and the FHA Section 207 Rental Mortgage Insurance for multi-family housing. Basically both programs support middle-income housing.

A key problem in financing new communities is to find suitable methods of providing low- and moderate-income rental and ownership housing in the early stages of development to assure a good mix of housing types. Usually, it is at this stage, before revenues for residential, commercial, and industrial land sales have been received, that working capital is sorely needed by the new community developer to meet his other large financial obligations. As the return on the sale of land for low-income housing is minimal (assuming that there is a relationship between land and improvement costs), developers feel compelled to first build middle- and high-income housing.

There is general agreement that construction of low-income housing during the initial stages of the development program of the new community will not occur unless special incentives or subsidies are provided. Following is a description of several Federal mortgage insurance and experimental housing grants that might stimulate low-income housing in new communities. The programs are selective and, in most instances, would require some amendment in order to be applicable to new community development.

Section 221(d)(3) provides insurance on housing loans for both new construction and rehabilitated housing at market and below-market interest rates for low and moderate income families, with priority for families displaced by urban renewal projects or other government programs. The FHA issues "certificates of eligibility" for low-income people displaced by public projects who then have a priority for 221(d)(3) housing. However, these families cannot use these certificates in another community—a feature of the program that could be amended to include transferability to new communities regardless of location.

Recent amendments to the Public Housing Act of 1937 also contain provisions that could be used to encourage low-income housing in new communities. The rent supplement program permits subsidization of rents of selected low-income persons by payments to owners of dwelling units (real estate brokers, nonprofit organizations, foundations) from whom housing is leased. The program is voluntary, and the local housing agency is not given condemnation or eminent domain powers.

The potential for new communities to demonstrate advanced housing styles and construction techniques appears unlimited. Section 207 Demonstration programs make grants available to public and non-profit private bodies for development and demonstration of new or improved techniques for providing housing for low-income families. While these grants are for research and development rather than for construction, they could be combined with a low-income housing construction grant program. For example, the new community of Reston, through its Foundation for Community Programs, Inc., received a Section 207 grant to develop a research program for low-income housing. Part of the grant provides that 200 housing units be built under Sections 233 and 221(d)(3).

The Experimental Housing Program (Section 233) provides mortgage insurance to back any existing FHA mortgage insurance program where innovative housing techniques or experimental property standards are employed. It is often used with Section 221(d)(3) projects, and insures the homeowner or renter from loss due to defects in the new building materials or construction techniques used in the building.

In addition to FHA's 207 rental mortgage insurance and 203 single-family residence mortgage insurance, there are other programs of Federal housing assistance for higher income groups. The Cooperative Housing (Section 213) program may be initially sponsored by a private agency. For example, all the "Leisure World" communities were financed under this program. The mortgage insurance program for condominium housing (Section 234) is the same as for cooperative housing. Another possible new community input is the Section 231 program of mortgage insurance for the elderly, and the Section 202 program to provide 50-year, 3 percent below-market interest rate loans to lower-middle-income elderly persons.

Finally, single-family programs in addition to the Section 203(b) Basic Home Ownership Mortgage Insurance include: the FHA Section 203(i) Mortgage Insurance for Moderately Priced Housing in Outlying Areas; the Farmers Home Administration (USDA) Insured and Direct Home Loan Programs; and the Veterans Administration (VA) Home Loan Guaranty and Direct Home Loan Program. All of these programs favor higher income housing.

TRANSPORTATION ASSISTANCE

Title X requires that proposals include an efficient transportation system within the new community, and that the project be located near transportation facilities linking the development to major central city and other regional employment centers. This underscores the importance of transportation in new community development. With few exceptions, communities now in existence have located near major State or interstate highways.

The Federal Government's long-standing regular and interstate highway programs, administered by the Department of Transportation contribute 50 percent and 90 percent respectively to State construction costs. In addition, every State has a complementary local aid program for roads and highways. However, mass transit only recently has received Federal attention with the establishment of the HUD grant-in-aid programs of 1964. The research, demonstration, and development program for urban mass transportation pays 100 percent of the costs to State and local government agencies. Columbia, Maryland, is receiving a grant under this program for development of a minibus system that would ease intracity commuting problems and provide a model for possible adoption by new communities elsewhere.

Under the High-Speed Ground Transportation Act of 1965 (P.L. 89-220), the Department of Transportation may award contracts to public or private agencies, corporations, and other groups, for research and demonstration projects in high-speed ground transportation. Certain types of new community designs—such as the linear closed circuit concept of Alcoa of Canada—require the type of transportation system this program would support.

OPEN SPACE ASSISTANCE

At the Federal level, the Land and Water Conservation Fund Act of 1965 authorizes the Department of Interior to make grants-in-aid to States and localities for planning, acquiring, and developing outdoor recreation areas and facilities. A statewide outdoor recreation plan is a prerequisite for assistance. This program might be used in its present legislative form to assist States and municipalities in planning and building new communities. Grants may be employed for the outright acquisition of land or for purchase of easements, both within and outside of the new community tract. Hilly areas, marshes and low lands, stream valleys, and other areas not suited to intensive development may be acquired for recreation purposes.

FEDERAL REGIONAL PROGRAMS

A number of Federal programs available for new community development may be coordinated and supplemented by areawide regional agencies. The Appalachian Regional Development Act of 1965 authorized a partnership program joining the Federal Government with 12 Appalachian State governments (Mississippi became the 13th State under the 1967 amendments). Some of the purposes for which Appalachian funds may be used include the construction of hospitals, educational facilities, libraries, airports, sewage treatment plants, public recreation facilities, highways, and flood control projects. These federally-aided projects are eligible for Appalachian supplementary grants of up to 80 percent of the total project cost. The Regional Commission is currently providing planning funds for the development of a new town in Eastern Kentucky.

The Public Works and Development Facilities Act of 1965, administered by the Economic Development Administration of the Department of Commerce, provides for the eventual establishment of eight or nine multi-State regional bodies. Grants of up to 50 percent of project costs and loans of up to 100 percent of the cost of acquiring land and improvements for public works or public service facilities may be made to States and localities to encourage industrial or commercial expansion. Private and public nonprofit agencies are also eligible for EDA assistance. Only projects in designated "redevelopment area" may receive Federal funds. New community developments in such areas would be eligible for grant assistance under the Act.

OTHER FEDERAL PROGRAMS

Airports. The Federal Airport Act of 1946, as amended, provides 50 percent cost grants for land acquisition, site preparation, construction, facilities, and installations to public agencies for the planning, acquisition, and development of public airport and heliport sites as part of a nationwide system of public airports. Normally, State, county, municipal, and other public agencies are eligible if their airport requirements are included in the National Airport Plan.

Outlying large new community developments, whether under private or public sponsorship, should be eligible for such assistance. For example, the growth of the new community of Lake Havasu City, Arizona, was greatly facilitated by early acquisition of a surplus military airport which had been improved to accommodate commercial aircraft.

Educational Facilities. Under the Higher Education Facilities Act of 1963, public and private colleges and universities are eligible for grants of up to 40 percent of project cost for public community colleges and public technical institutes, and up to 33-1/3 percent for two-year private institutions and four-year public and private institutions. Grants and loans may be used to finance the construction of the academic facilities of institutions that need to expand their enrollment capacity. The program could apply to the establishment of extension colleges in new communities.

The Adult Education Act of 1966 (Elementary and Secondary Education Amendment, Title III) provides grants to State educational agencies for support of State programs that furnish instruction below the college level to persons 18 years old and over who have not attained a high school education. This program has relevance to the rural outlying new community because it helps local educational agencies to establish programs and pilot projects. Such projects could be coordinated with the adult education community systems that now are being planned for the privately developed new communities of Maumelle, Arkansas, and Litchfield Park, Arizona.

Medical and Neighborhood Facilities. The Hill-Burton program, as revised and extended by the Hill-Harris Amendments of 1964, allows project grants of 50 percent to help develop comprehensive, regional, metropolitan, and local area plans for health and related facilities. The State agency may conduct the planning studies, or they may be made by local public or nonprofit agencies recommended by the State agency and approved by the Public Health Service. Under the latter arrangement, States could commit planning funds to assist in the development of hospital or nursing home facilities for a new community.

The Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 provides construction grants to States, other public agencies, and private nonprofit organizations for construction and initial staffing of community health centers. Closely coordinated with the Hill-Burton program, this program is designed to serve local needs, and appears well adapted for inclusion in new community plans or State plans for new communities. The declining basis of grants for staffing the facilities is especially appropriate, as assistance could be programmed to phase out as the new community increases in size sufficient to fully support the facility.

The HUD Public Works and Facilities loan program may be used for land acquisition, thereby supplementing Hill-Burton program, which does not provide assistance for land acquisition. At the present time, only public agencies are eligible for this joint HUD-HEW program. For full use in new communities, amendment to the HUD program might be desirable to extend eligibility to qualified new community private corporations for purchasing land for hospitals.

The Housing and Urban Development Act of 1965 authorized a Neighborhood Facilities Grant Program to provide financial and technical assistance for the development of centers for health, recreational, social, and other community services and activities to serve low and moderate income persons. Eligibility is limited to public bodies or agencies, but nonprofit groups may contract with public agencies to own or operate facilities. Facilities may be created by new construction or by the acquisition, expansion, or adaptation of existing structures. While the program is now focused on existing cities, amendment might be desirable to permit new community eligibility where substantial low and moderate income housing is being built.

Federal Surplus Property. Another Federal program of significance to new community development in certain areas is the Federal Property and Administrative Services Act of 1949, authorizing disposal of real property no longer required for Federal use. Transfers can be made to States and local governments for a variety of public purposes, including new communities, before such lands are placed on sale in the open market. The new community of Maumelle, Arkansas, is being developed on a 5,500 acre tract formerly occupied by a World War II shell loading plant.

Federal Business Loan Assistance. The Small Business Investment Act of 1958, as amended, provides loans under the small business financial assistance program to businesses to assist in planned construction, conversion, or expansion. Nonprofit enterprises, speculative property firms, and financial lending institutions are excluded. Loans may also be used for the purchase of equipment, facilities, machinery, and supplies. This program might be used to assist manufacturers and businessmen to relocate into new communities that have an excellent natural site potential but insufficient market potential initially to lure businesses and manufacturers to the site.

Footnotes

[1] U.S. Congress, *Congressional Record,* 87th Congress, 1st Session, Vol. 107, Part 9, p. 11528.

[2] U.S., Congress, Senate, Committee on Banking and Currency, Housing and Urban Development Act of 1965; Report . . . To Accompany S. 2213 together with Minority Views.

[3] U.S., Congress, *Congressional Record,* 89th Cong., 1st Sess., Vol. III, Part 12, pp. 16955–56.

[4] U.S., Department of Housing and Urban Development, *Land Development Handbook for Title X Mortgage Insurance.*

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